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SAN FRANCISCO PORT COMMISSION

Rodney Fong, President
Stephanie Shakofsky, Vice President
Kimberly Brandon, Commissioner
Michael Hardeman, Commissioner
Ann Lazarus, Commissioner

Monique Moyer, Executive Director Amy Quesada, Commission Secretary
Phone: 415-274-0400; Fax: 415-274-0412 Phone: 415-274-0406; Fax: 415-274-0412

AGENDA

TUESDAY, JULY 14, 2009

2:00 P.M. CLOSED SESSION

3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.

07-10-09P04:07 RCVD

1. CALL TO ORDER / ROLL CALL
2. APPROVAL OF MINUTES - June 9, 2009
3. PUBLIC COMMENT ON EXECUTIVE SESSION
4. EXECUTIVE SESSION

GOVERNMENT
DOCUMENTS DEPT

JUL 10 2009

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- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

- (1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS:

- a. Discuss existing litigation matters pursuant to California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (3 cases; Information and Action Items):



THE UNIVERSITY OF CALIFORNIA, BERKELEY
BERKELEY, CALIFORNIA 94720-1980



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- In re Pier 38 Maritime Recreation Center, Inc. (Debtor), U.S. Bankruptcy Court, Northern District of California, San Francisco Division, Chapter 11 (Case No. 07-31444 DM 11), and Pier 38 Maritime Recreation Center, Inc. and Carl Ernst Jr. v. City and County of San Francisco; Port Commission of San Francisco (Adversary Proceeding No. 07-31443).
- City and County of San Francisco v. Carl Ernst, Jr., and Pier 38 Maritime Recreation Center, Inc.; San Francisco Superior Court (Case No. CUD-07-621476)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. **This session is closed to any non-City/Port representative.***

- a. Property: Pier 15/17 (Embarcadero at Green Street)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*The Exploratorium: Dennis Bartels

Under Negotiation: _____ Price _____ Terms of Payment ☒ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 15/17.

5. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

6. EXECUTIVE

A. Executive Director's Report

- Installation of Commissioner Rodney Fong as Chair of the San Francisco Convention & Visitors Bureau – July 7, 2009
- San Francisco Convention and Visitors Bureau's 2009 Silver Cable Car Award Winner - Fisherman's Wharf
- San Francisco Giants County Fair – July 9 to 19, 2009
- San Francisco Bay Conservation and Development Commission's Rising Tides Competition Exhibit at Ferry Building – July 9 to 19, 2009
- Mexican Tall Ship Cuauhtemoc - July 13 to 17, 2009 at Pier 27
- Ferry Plaza Farmer's Market Introduces New Thursday Market

- Commendation for Bill Schiavo, Electrical Supervisor, on his retirement
- Commendation for Patrick J. Gallagher, former President of Giants Enterprises

7. CONSENT

- A. Request approval of the Fiscal Year 2009-10 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates. (Resolution No. 09-34)
- B. Request authorization to advertise a Request for Proposals (RFP) soliciting Marine Structural and Civil Engineering Services for the Pier 43 Bay Trail Link. (Resolution No. 09-35)
- C. Request authorization to advertise for competitive bids for Contract No. 2735, Security Lighting at Pier 80. (Resolution No. 09-36)
- D. Request to award Master Contract with URS/AGS Joint Venture for As-Needed Engineering and Related Professional Services in an amount not to exceed \$1.5 million. (Resolution No. 09-37)
- E. Accept report on the Port's Annual Contracting Activity Report – Fiscal Year 2008/09; Fourth Quarter Period April 1, 2009 through June 30, 2009.

8. PLANNING & DEVELOPMENT

- A. Informational presentation on the July 2009 Draft Preferred Master Plan for Pier 70.
- B. Informational presentation regarding parking in the Ferry Building Area.

9. FINANCE AND ADMINISTRATION

- A. Request approval of the Municipal Debt Policy for the Port of San Francisco. (Resolution No. 09-38)
- B. Request approval of the Port's Proposed 2009/10 Revenue Bond Projects. (Resolution No. 09-39)
- C. Request approval of a Reimbursement Resolution related to the Proposed Port Revenue Bond Issuance. (Resolution No. 09-40)

10. NEW BUSINESS / AGENDA SETTING

- ◆ New Business
- ◆ Agenda Setting (Targeted Commission meeting, subject to change)
 - Request approval of the Port's Revised Annual Operating and Capital Budgets for Fiscal Year 2009-10 (August 11, 2009)

- Informational presentation regarding San Francisco Municipal Transportation Agency's Bike Plan as it relates to Port property (August 11, 2009)
- Request approval of the Port's Interim Leasing Policy for Historic Structures (August 11, 2009)
- Request approval of Memorandum of Understanding between the San Francisco Public Utilities Commission and the Port regarding the North Shore Force Main Improvement Project (Embarcadero, Drumm and Spear Streets) including Seawall Lot 351 located at Washington and the Embarcadero (August 11, 2009)
- Request adoption of the required California Environmental Quality Act Findings and the Mitigation Monitoring and Reporting Program in connection with the lease, development and historic rehabilitation of Piers 15 and 17 by The Exploratorium, a California not-for-profit corporation (August 11, 2009)
- Request approval of the Lease Disposition and Development Agreement, Lease and Parking Agreement with The Exploratorium, a California not-for-profit corporation; request approval of the Tripartite Agreement with Baydelta Maritime, Inc. and The Exploratorium for relocation of Baydelta Maritime Inc.'s operations from Pier 15 to Pier 17; request approval of Schematic Drawings and of Amendments to the *Waterfront Land Use Plan* (August 11, 2009)
- Request authorization to award Construction Contract No. 2719 for Pier 45 Drainage Improvements and Installation of Pumpout Manifold for Discharged Herring Gurry to Valentine Corporation in the amount not to exceed \$1,766,074 (August 11, 2009)
- Informational presentation on the Implementation of the Port's Americans With Disabilities Act (ADA) Transition Plan (September 8, 2009)
- Informational update on the Port's Facility Assessment Program (September 8, 2009)
- Update on the Port's 2008 Clean and Safe Neighborhood Parks General Obligation Bond Program (September 8, 2009)
- Informational presentation regarding proposed water taxi service at the Port of San Francisco (September 8, 2009)
- Request approval of Self-Operation and Maintenance of Foreign Trade Zone (September 8, 2009)
- Request authorization to award two (2) three-year leases for surface parking: Bid Opportunity A: Seawall Lot 301 commonly known as the Triangle Parking Lot, bounded by Taylor Street, Jefferson Street, and Powell Street and SWL 314 bounded by the Embarcadero, Bay Street, and Kearny Street; and Bid Opportunity B: Seawall Lots 322-1 bounded by Front Street and Broadway, SWL 323 bounded by Davis Street and the Embarcadero, SWL 321 bounded by Front Street, Green Street and the Embarcadero and SWL 324 bounded by Davis Street, Front Street and the Embarcadero, all located in the northern waterfront (September 8, 2009)
- Request authorization for the Executive Director to execute Amendment One to the Transit Shelter Advertising Agreement with Clear Channel

Outdoor, Inc. and the San Francisco Municipal Transportation Agency.
(September 22, 2009)

- Informational presentation regarding Lease No. L-14630 with D & G Company, LLC, for a fifteen and one half-year restaurant lease for premises located at 300 Jefferson Street subject to Port Commission and Board of Supervisors approval, and companion Sidewalk Encroachment License No. 14651 (Date to be determined)
- Informational presentation on development opportunities for Seawall Lot 330 (located on The Embarcadero at Beale and Brannan Streets) (Date to be determined)
- Request authorization to enter into an Exclusive Negotiation Agreement with Seawall Lot 337 Associates, LLC to explore a mixed-use development project at SWL 337 and Pier 48 (Date to be determined)
- Request authorization to enter into a Memorandum of Understanding with the San Francisco Municipal Transportation Agency for the Port of San Francisco to relinquish its rights to cargo freight rail service north of Cesar Chavez along Illinois Street (Date to be determined)

11. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

12. COMMUNICATIONS

Communications to the Port Commission from June 4, 2009 to July 9, 2009:

- From Jacob Park, SF Bay Railroad; Lonnie Francis, ILWU; Robert Waterman, Metro Ports; Thomas Hart, Sheedy Drayage Company and Jim Lazarus, SF Chamber of Commerce; copy of a letter to Mayor Newsom regarding freight rail
- From the Potrero Boosters Neighborhood Association, copy of The Potrero Community Voice newsletter
- From David Parquet, Pattern Energy Group, regarding purchase of Babcock & Brown's North American energy development team and development assets

13. ADJOURNMENT

AUGUST/SEPTEMBER 2009
CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
August 11	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
Sept. 8	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
Sept. 22	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. Contact Amy Quesada at 274-0406.

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets on a quarterly basis, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

ACCESSIBLE MEETING INFORMATION

EMBARCADERO ELEVATOR TO BE CLOSED – MAY 4, 2009 TO AUGUST 2009

Please be advised that on Monday, May 4, 2009, BART will close the Embarcadero BART Station street-level elevator in order to replace the structure which houses the elevator entrance on the street level. The elevator will be shut down for approximately 3-1/2 months during this construction--until August 2009. People who rely on the elevators to enter and exit at Embarcadero should exit at Montgomery Station during this period.

ALTERNATIVES TO EMBARCADERO:

While the Embarcadero Street Elevator is closed, BART and Muni riders should exit the systems at Montgomery Street BART/Muni Station.

The Montgomery Station elevator is located on Market and Sutter, approximately 3-1/2 blocks from the location of the Embarcadero Station street elevator. If riders are unable to proceed from Montgomery under their own power, they can take any one of the following Muni lines which stop on Market Street near both Embarcadero and Montgomery:

2 -- Clement
7 -- Haight
21 -- Hayes
31 -- Balboa

For information about the project or transit alternatives, contact the following:

BART Transit Information
(415) 989-BART / (925) 676-BART / (510) 465-BART
TTY (510) 839-2220

San Francisco 311 Customer Service Center
311 / (415) 701-2311 / TTY (415) 701-2323

You can also visit BART online: www.bart.gov or www.sfmta.com.

If you need additional transportation planning assistance or would like information about paratransit during this project, call BART Accessible Services at (510) 464-6184 or Muni Accessible Services at (415) 701-4485 / TTY (415) 701-4730.

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

- A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
- B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

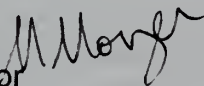
Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.



MEMORANDUM

July 6, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer 
Executive Director

SUBJECT: Request approval of the Fiscal Year 2009-10 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

This item was presented as an information item at the June 9, 2009 Port Commission meeting and is now before the Port Commission for approval. No material changes have been made to the rates in the intervening time.

MONTHLY RENTAL RATE SCHEDULE

On September 8, 1993, the Port Commission (Resolution No. 93-127, as amended by Resolution 93-135) delegated authority to the Executive Director to approve and execute leases and Memorandums of Understanding on behalf of the Port, provided that the terms of said leases met certain parameters as found in the Port's Leasing Policy. Contained within the 1993 delegated authority is a schedule of minimum rental rates for leases which can be executed by the Executive Director without Port Commission approval. Such delegated authority can only be executed under the following criteria:

1. The lease is for an office building or bulkhead office space, open or enclosed pier shed space, paved or unpaved open space, or open pier or apron space but is not for a retail use;
2. Except for temporary uses (with terms not exceeding six (6) months), the use under the lease or license represents a like-kind use to the existing or the immediate prior use of the facility;

THIS PRINT COVERS CALENDAR ITEM NO. 7A

3. Port staff has authority to assign or sublease a Port Commission approved boilerplate Lease without Commission approval if the terms and conditions of the assignment or sublease are consistent with the September 1993 Resolution No. 93-127;
4. The lease or license is for space included in the current Rental Rate Schedule adopted by the Port Commission, and the lease or license rent conforms to the Rental Rate Schedule;
5. The tenant executes the Port's standard form lease with no alterations except for minor changes approved by the City Attorney or changes in insurance requirements approved by the City Risk Manager;
6. The lease term does not exceed five (5) years, except those leases in the Fisherman's Wharf Seafood Center at Pier 45 Sheds B and D may have a maximum lease term of ten (10) years, (Port Resolution No. 94-122; Amended February 28, 2006, by Resolution No. 06-15);
7. Port staff has the authority to issue tenant improvement allowances for floor and wall coverings if those credits do not result in the net rent over the term of the lease to be below the Minimum Net Effective Rental Rates found in the Rental Rate Schedule. Allowances for paint, up to a maximum of \$2.50 per square foot, and for floor covering, up to a maximum of \$2.50 per square foot, are allowable when: 1) new paint and/or floor covering is necessary in order to lease space in full service office buildings; and 2) Port staff is unable to perform such work prior to the proposed lease commencement date. These allowances are considered "landlord's work." Therefore, such work is not included in calculating the minimum Initial Lease Rental Rates;
8. The lease may include one month of free rent for early entry for the construction of tenant improvements prior to the commencement of term; and
9. Port staff provides a monthly report to the Commission indicating Leases, Licenses, and MOU's Executed Pursuant to Port Commission's Leasing Parameters Policy.

The Port's Leasing Policy provides for an annual update of the Rental Rate Schedule. The Schedule sets ranges of minimum lease/license rental rates per square foot and ranges of minimum net effective rental rates per square foot (if any rent credits are to be provided) by type of use and facility for office and industrial space. The Port Commission last updated the Rental Rate Schedule on June 10, 2008, by Resolution No. 07-40, attached hereto as Exhibit A.

MARKET SUMMARY

The San Francisco office market continued to weaken through the first quarter of 2009. The current economic crisis has taken its toll on all Bay Area commercial real estate markets. The Bay Area office market has taken the brunt of these negative effects, which has translated into fast-rising vacancy rates, a rapid growth in sublease space, reduction in rental rates, anemic leasing activity, and depletion in occupancy.

The demand for space along the waterfront has softened less relative to that of the balance of San Francisco. The Port's office vacancy rate is about 12% which is in line with the citywide vacancy rate of approximately 14.6%. Port staff has reviewed available commercial data including market comparables of similarly situated properties to that of Port properties, the results of which are included in a table on page 4 of this report, *San Francisco Office Submarket Overview 1Q2009*. Port staff also reviewed Port leasing activity for the prior 12 months included as Exhibit B. This data demonstrates that the Port's current Rental Rate Schedule is generally in line with current market conditions even with the softening market. However, there are some rates, as indicated below, that Port staff is recommending to change or to establish a new rate category to better reflect the current market conditions.

The Port contracted with CBRE Consulting, a third party consultant, to review the proposed Fiscal Year 2009-10 Monthly Rental Rate Schedule. CBRE concurs with the Port's Fiscal Year 2009-10 recommendations. The CBRE report is attached to this staff report.

Port staff continues to have the authority to negotiate higher rates than those found in the Rental Rate Schedule and, conversely, staff has the flexibility to quote rates in the mid-range or lower range of the Rental Rate Schedule when justified, for properties that may be physically sub-standard or oddly configured. In the majority of transactions, Port staff successfully negotiates rates above the Minimum Monthly Rent Parameters.

Office buildings are classified according to a combination of location and physical characteristics. *Class B* and *Class C* buildings are always defined in reference to the qualities of *Class A* buildings. There is no formula for classification but rather buildings are evaluated subjectively.

Class A office space can be characterized as buildings that have excellent location and access, attract high quality tenants, and are managed professionally. Building materials are of high quality and rents are competitive with other new buildings. *Class A* office buildings are usually located in central financial districts with higher-end amenities and lobbies. *Class A* office buildings are usually steel-framed and tall. Current rental rates for *Class A* office in San Francisco's Financial District average \$3.02 per square foot per month or \$36.24 annualized. In the submarket of Jackson Square/North Waterfront, rates are \$3.25 per square foot per month or \$39.00 annualized. The Port does not directly manage any *Class A* office buildings. (Source: *BT Commercial Office Report 1st Quarter 2009*, and *Coirnish & Carey 2009 Market Rate Summary*).

Class B buildings have good (versus excellent) locations, management, and construction, and tenant standards are high. Buildings should have very little functional obsolescence and deterioration. In practical terms, *Class B* buildings are usually newer, wood-framed buildings or older, former *Class A* buildings. *Class B* office buildings are usually three stories or less. The average San Francisco *Class B* office rents as of the 1Q 2009 range from \$2.50 to \$3.25 per square foot per month or \$30.00 to \$39.00 per square foot annually.

Comparatively the average Port of San Francisco *Class B* office space for the period 1Q 2009 ranges from \$2.35 to \$2.50 per month or \$28.20 to \$30.00 per square foot annually. *Class C* buildings are typically 15 to 25 years old but are maintaining steady occupancy. A

fair number of the *Class C* office spaces in the Port's inventory are not truly office buildings but rather walk-up office spaces above retail or service businesses. The average San Francisco *Class C* office space for the same period shows rental rates ranging from \$2.09 to \$2.60 per square foot per month or \$25.08 to \$31.20 per square foot annually.

In the 1Q of 2009 the average Port of San Francisco *Class C* office space for the same period ranges from \$2.25 to \$2.70 per square foot per month or \$27.00 to \$32.40 per square foot annually. These rates are slightly higher than the City average by approximately 3%.

The majority of Port managed office spaces primarily fall into the *Class C* category of office space with the exceptions of the Roundhouse Plaza, Pier 9, and Pier 26 Annex, which are considered *Class B*. Note that the Port's portfolio contains *Class A* space managed by Master Tenants and not subject to the Port's Rental Rate Schedule.

San Francisco Office Submarket Overview 1Q 2009

Submarket	Net rentable area	Total vacancy rate	Class A	Class B	Class C
<i>Financial District</i>	27,160,376	12.8%	\$3.59.	\$3.25	\$2.20
<i>S. Financial District</i>	20,185,328	12.2%	\$3.50	\$3.00	\$2.10
<i>N. Waterfront & Jackson Square</i>	4,806,266	12.7%	\$3.25	\$2.96	\$2.60
<i>Yerba Buena</i>	3,260,036	39.8%	\$3.17	\$2.92	\$2.09
<i>South Market</i>	2,613,337	2.6%	\$2.75	\$2.80	\$2.09
<i>Multimedia Gulch</i>	3,529,583	36.4%	\$3.17	\$2.90	\$2.40
<i>Mission Bay/China Basin</i>	1,206,000	24.4%	\$3.59	n/a	n/a
<i>Potrero Hill</i>	2,068,709	13.6%	\$3.09	\$2.94	\$2.50
<i>Civic Center & Van Ness Corridor</i>	3,151,137	5.25%	\$2.84	\$2.50	\$2.20
<i>Union Square</i>	3,776,028	3.6%	\$3.25	\$3.05	\$2.57

(Research Sources: *BT Commercial Office Market Overview 2009*, *Cornish & Carey Office Report 1Q 2009*)

INDUSTRIAL AND WAREHOUSE

As economic conditions continue to take their toll on many Bay Area companies, the warehouse market also took a slight downturn in the 4th Quarter 2008 and into the 1st Quarter 2009.

The Bay Area has a total of over 159 million feet of warehouse space, which is divided into four primary regions according to *BT Commercial*. The East Bay I-80/880 Corridor has the majority of the warehouse space, then Santa Clara County and San Mateo County followed by San Francisco which represents approximately 12% of the total Bay Area warehouse space.

Submarket	Building Base	Available Space			Vacancy Rate		Avg. Asking Rate (NNN)
		Direct	Sublease	Total	Q1-09	Q1-08	
Mission/SOMA	5,141,878	124,940	0	124,940	2.4%	2.4%	\$1.02
3rd St Cdr/Potrero Hill	9,785,817	375,837	0	375,837	3.8%	3.8%	\$0.83
Bayview	4,359,440	199,762	8,800	208,562	4.8%	4.8%	\$0.80
Total San Francisco County	19,287,135	700,539	8,800	709,339	3.7%	2.3%	\$0.85
Brisbane	4,014,547	285,585	88,500	374,085	9.3%	5.8%	\$0.82
S San Francisco/ San Bruno	17,468,381	2,175,094	112,076	2,287,170	13.1%	6.0%	\$0.81
Burlingame/ Millbrae	3,902,835	281,795	28,351	310,146	7.9%	6.2%	\$0.90
San Mateo/ Foster City	735,021	20,040	0	20,040	2.7%	1.1%	\$1.06
Redwood City	1,253,456	102,198	87,031	189,229	15.1%	13.8%	\$0.67
Belmont/ San Carlos	3,271,768	16,533	0	16,533	0.5%	0.6%	\$0.86
Menlo Park	1,258,362	212,848	11,904	224,752	17.9%	0.0%	\$0.62
Total San Mateo County	31,904,370	3,094,093	327,862	3,421,955	10.7%	5.4%	\$0.80
Richmond	5,376,644	571,264	0	571,264	10.6%	8.2%	\$0.33
Berkeley	1,853,085	23,250	0	23,250	1.3%	1.0%	\$0.79
Emeryville	1,086,153	36,186	0	36,186	3.3%	2.3%	\$0.53
Oakland	12,937,866	562,795	236,435	799,230	6.2%	3.8%	\$0.43
San Leandro	14,825,117	1,103,308	98,883	1,202,191	8.1%	8.4%	\$0.44
Hayward	18,846,218	2,325,325	374,521	2,699,846	14.3%	5.9%	\$0.45
Union City	8,311,087	1,029,498	97,506	1,127,004	13.6%	11.3%	\$0.44
Newark	3,986,761	150,190	48,960	199,150	5.0%	5.2%	\$0.36
Fremont	8,011,039	801,619	63,164	864,783	10.8%	4.6%	\$0.49
Total 80/880 Corridor	75,233,970	6,603,435	919,469	7,522,904	10.0%	6.4%	\$0.44
Sunnyvale	1,848,665	207,484	0	207,484	11.2%	3.0%	\$0.57
Santa Clara	3,938,252	269,952	10,500	280,452	7.1%	2.0%	\$0.58
North San Jose	9,472,556	849,548	56,820	906,368	9.6%	4.5%	\$0.51
S/Central San Jose	9,194,629	343,800	138,240	482,040	5.2%	2.9%	\$0.44
Morgan Hill/Gilroy	2,537,445	242,991	0	242,991	9.6%	9.1%	\$0.32
Milpitas	5,408,765	496,023	31,000	527,023	9.7%	7.1%	\$0.42
Total Santa Clara County	32,400,312	2,409,798	236,560	2,646,358	8.2%	4.5%	\$0.47
Grand Total	158,825,787	12,807,865	1,492,691	14,300,556	9.0%	5.3%	\$0.55

Warehouse

(Research Source: BT Commercial Warehouse Report 1 Q 2009)

Port warehouse and industrial space demand has declined in general from a high of \$0.85 per square foot to \$0.80 per square foot. In the 2Q of 2009 rents have leveled off or in some cases declined slightly at the Port.

The Port's industrial properties have various levels of improvements including partitions, fencing, electrical service, plumbing, etc. The industrial/warehouse spaces are typically leased under "net" leases with space defined as "gross leasable area."

The majority of Port warehouses are categorized as *Class C*. Those spaces lack loading docks, attached office space, non-permeable concrete floors, and share a common drive isle. Despite the limited infrastructure, the Port has been able to negotiate rental rates comparable to private landlords. The previous twelve month average rates have been \$0.75 to \$0.85 per sq.ft or \$9.00 to \$10.20 per sq.ft annually. This appears to be somewhat better than current rental market conditions.

Proposed 2009-10 Month Rental Rate Schedule

The Fiscal Year 2009-10 Monthly Rental Rate Schedule presented for Port Commission review and approval provides two sets of rental rate ranges. The first, entitled *Minimum Initial Lease Rental Rates*, represents the market rent range for the first year of the lease. The second, entitled *Minimum Net Effective Rental Rates* represents the net effective rent calculated and applied over the lease term after rent credits for flooring and wall coverings are amortized over the term of the lease. The proposed Monthly Rental Rate Schedule for Fiscal Year 2009-10 is attached hereto as Exhibit C.

PROPOSED CHANGES TO 2009-10 MONTHLY RENTAL RATE SCHEDULE

Port staff proposes changes to the Fiscal Year 2009-10 Monthly Rental Rate Schedule for office and industrial shed space consistent with the market rate review and determination. The following changes are proposed:

1. One month early entry for each year of lease term up to three months for the purpose space preparation.
2. The following office properties are currently in low demand and are experiencing moderate vacancy rates. Staff recommends revising minimum monthly rents for these locations in recognition of minimal demand, moderate vacancy and a softening Port office market.

Office Class B

Item #	Facility	From Minimum Rate of sq. ft /month	New Minimum \$
a)	Pier 33 ½ North*	n/a	\$2.50

*Establishment of New Rate Parameter

Office Class C

Item #	Facility	From Minimum Rate of sq. ft /month	New Minimum \$
a)	Pier 9 Studio/Office*	n/a	\$2.00
b)	Pier 33 ½ *	n/a	\$1.75
c)	Pier 35 Interior office*	n/a	\$1.75
d)	501 Cesar Chavez	\$1.80	\$1.50
e)	Office Storage at all facilities	\$1.10	\$1.00

* Establishment of New Rate Parameter

3. The following Industrial/warehouse shed and land properties generate minimal demand from prospective tenants and currently experience moderate vacancy rates. Real Estate staff recommends revising minimum monthly rents for these locations in recognition of minimum demand, moderate vacancy and a soft warehouse market.

Pier Shed and Land

Item #	Facility	From Minimum Rate of sq. ft /month	Decreased to Minimum \$
a)	Piers 26-28	\$0.80	\$0.70
b)	Pier 50-54 ½	\$0.80	\$0.70
c)	Pier 80	\$0.75	\$0.55
d)	Pier 92, SWL 344 & 344	\$0.75	\$0.55
e)	Open Land North & South	\$0.26	\$0.20
f)	Paved Land North & South	\$0.28	\$0.22
g)	Improved Land North & South	\$0.30	\$0.25
h)	Piers 19, 19 ½*	n/a	\$0.65
i)	Pier 47 Shed*	n/a	\$0.75
j)	SWL 302 Shed*	n/a	\$0.75
k)	Facility 6019 (Armstrong Street)*	n/a	\$0.55

* Establishment of New Rate Parameter

(Research sources: BT Commercial Market Overview 1Q 2009, TRI Commercial 2009; BT Commercial Warehouse Report 1Q 2009; Port Leasing Activity past 12 months, Cornish & Carey Office Report 1Q 2009, CB Richard Ellis 2009 Market Outlook)

4. The rental rates at Pier 45 Fish Processing Center were adjusted in 2008. Port staff recommends only two adjustments and one new category rate in this section below.

Improved Shed -Fish Wholesaling & Processing Space

Item #	Facility	From Minimum Rate of sq. ft /month	Decreased to Minimum \$
a)	Pier 45 Sheds	\$0.80	\$0.75
b)	Pier 45 Second Floor Mezz.*	n/a	\$0.85
c)	Aprons	\$0.25	\$0.22

*Establishment of New Rate Parameter

(Research sources: Santa Cruz Harbor, Pilar Point Harbor, Spud Point Harbor, Morro Bay Harbor, Crescent City Harbor)

5. Fisherman's Wharf Encroachment Permit Rates.

On June 13, 2006, the Port Commission approved the revised Sidewalk and Airspace Encroachment Program which was amended on March 13, 2007. The rates were set and Real Estate staff proceeded to enter into a limited number of agreements with businesses and landlords on the south side of Jefferson Street.

Airspace Permits

The formula for determining the Airspace permits has proven to be confusing and difficult to manage in its current form. Port staff proposes to simplify the program by reducing the

five-tier rate schedule to a two-tier rate reflecting low and high density signage as shown on the table below.

Sidewalk Permits

This quarterly permit program established a rate of \$60 per square foot per month (\$720 annually) for non-Port tenants whose businesses border on Port property. Real Estate staff recommend the rate be modified to reflect the current market. Recent comparables are \$185 per square foot annually for stores on Jefferson St. and \$60 for stores on Powell St. Since frontage is more valuable, \$20 per square foot monthly (\$240 annually) for prime retail frontage is both reasonable and fair. To reduce paperwork and management costs, the permit would have an annual term with an auto-annual rollover and be billable monthly. The current rate of \$10 per square foot for tables and chairs would not change.

Curb-space Permits

Exclusive use white zones for passenger loading and unloading are offered at a rate of \$40.00 per linear foot monthly. Non-exclusive use white zones are not charged and are used for general passenger loading and unloading. The MTA parking meter upgrade project will provide new exclusive curb-space leasing opportunities. Port staff recommends establishing a \$40 per linear foot minimum rate for exclusive white zones for non-Port tenants who wish to have an exclusive white zone. No subleasing to retail operators will be permitted.

Permit Type	Current rent	Proposed Rent	Comments
Airspace	\$20 to \$100 per linear foot annually	\$40 and \$80 per linear foot annually	5-tier to 2 tier rent structure
Sidewalk	\$720 per square foot annually	\$240 per square foot annually	Monthly permit to annual permit
Curb-space	Varies	\$40 per linear foot monthly	No subleasing permitted

PARKING

The Port operates a number of parking facilities where the Port leases individual parking stalls on a monthly basis (328 stalls). The majority of the stall holders are Port tenants. A map is attached that shows the location of those facilities at which the Port currently offers monthly parking.

On June 10, 2008 the Port Commission approved a new Monthly Parking Stall Rate Schedule by Resolution No. 07-40. This Monthly Parking Stall Rate Schedule was approved by the Port Commission with the understanding that Port staff would present to the Port Commission, for its review and approval a revised rate schedule for monthly parking each fiscal year. Accordingly, staff herein presents this Monthly Parking Stall Rate Schedule for fiscal year 2009-10 for the Commission's review as included below.

Since the last parking stall rate adjustments, the parking market has continued to slightly improve. Port staff recently conducted a survey of comparable parking facilities in the vicinity of Port property where the Port rents monthly parking stalls, attached hereto as Exhibit D. The survey determined that the monthly parking stall rates for Port facilities are

in line with current market rates. Therefore staff proposes modest incremental increases to the *Monthly Parking Stall Rate Schedule* because demand remains stable and the increases will keep pace with the market.

Please note that the parking rates in this report do not include any City parking tax, currently 25%, which is paid by the stall holder and remitted by the Port to the San Francisco Tax Collector.

PROPOSED CHANGES TO FY 2009-10 MONTHLY PARKING RATE SCHEDULE

Site	Type	Current Rate		Proposed Rate		Increase (Tax Included)
		Rent	Rent & Tax	Rent	Rent & Tax	
Agriculture Bldg	Building Tenants Parking	\$308	\$385	\$316	\$395	\$10
Pier 9	Shed Parking	\$264	\$330	\$272	\$340	\$10
	Uncovered Parking	\$244	\$305	\$252	\$315	\$10
Wharf J3	Commercial Tenants Parking	\$244	\$305	\$252	\$315	\$10
	Restaurant Tenants Parking	\$160	\$200	\$164	\$205	\$5
	Fishing Industry Tenants Parking	\$60	\$75	\$60	\$75	\$0
Pier 45, Shed C	Commercial Tenants Parking	\$264	\$330	\$272	\$340	\$10
	Restaurant Tenants Parking	\$160	\$200	\$164	\$205	\$5
	Fishing Industry Tenants Parking	\$60	\$75	\$60	\$75	\$0
Seawall Lot 302	Commercial Tenants Parking	\$260	\$325	\$268	\$335	\$10
	Restaurant Tenants Parking	\$160	\$200	\$164	\$205	\$5
	Sport Fishing Tenants Parking	\$96	\$120	\$96	\$120	\$0
Seawall Lot 303	Commercial Tenants Parking	\$248	\$310	\$256	\$320	\$10
	Restaurant Tenants Parking	\$160	\$200	\$164	\$205	\$5
Seawall Lot 349	Uncovered Parking	\$120	\$150	\$124	\$155	\$5
Pier 80	Admin Bldg Uncovered Parking	\$168	\$210	\$176	\$220	\$10
	Yard Uncovered Parking	\$120	\$150	\$124	\$155	\$5
Pier 84	Uncovered Parking	\$120	\$150	\$124	\$155	\$5

Site	Type	Current Rate		Proposed Rate		Increase (Tax Included)
		Rent	Rent & Tax	Rent	Rent & Tax	
Pier 96	Uncovered Parking	\$120	\$150	\$124	\$155	\$5
Pier 52 Boat Launch	Uncovered Parking	n/a	n/a	n/a	\$1 hr/vehicles	\$1hr/vehicles
Pier 52 Boat Launch	Uncovered Parking	n/a	n/a	n/a	\$5/4hrs w/boat trailer	\$5/4hrs w/boat trailer

The Port makes available parking stalls at cost for its employees' vehicles. The parking lot operator at SWL 324 (Broadway lot) is required to provide forty parking spaces at SWL 324 for Port employees at no cost to the Port. The Port will convert an additional 20 currently underutilized metered spaces on Davis Street for Port employee parking similar to that around City Hall. The Port receives \$65 per space. The rate is equivalent to the cost of a MUNI Fast-Pass plus \$10.

PROPOSED PORT EMPLOYEES MONTHLY PARKING RATE FOR FY 2009/10

Facility	For	Current Rate		Proposed Rate		Increase (Tax Included)
		Rate	Rent & Tax	Rent	Rent & Tax	
Pier ½, Pier 3 & Seawall Lot 351	Port Commissioner, Executive Director	\$104	\$130	\$124	\$155	\$25
	Employees who have been granted a reasonable accommodation under the Americans with Disabilities Act	\$44	\$55	\$52	\$65*	\$10
Seawall Lot 324	Employees assigned to Pier 1; parking available for one employee vehicle used for commuting	\$44	\$55	\$52	\$65*	\$10
Pier 50 or at jobsite	Employees assigned to Pier 50 or whose collective bargaining agreement allows for free parking; one automobile space for vehicle used by the employee for commuting (no boats, trailers, three-axle vehicles, etc.)	\$0	\$0	\$0	\$0	\$0

The annualized Monthly Parking Stall revenue is \$352,608 as of May 1, 2009. The annualized revenue based on the proposed rate will increase to \$369,888 or 4.9%.

SPECIAL EVENTS AND FILMING

The Port's seven and half (7.5) miles of waterfront property is a popular venue for special events and filming projects produced each year in the City. Among the most notable special events are *Fleet Week*, *4th of July Celebration and Fireworks*, *City Streets*, *KFOG Kaboom*, *New Years Eve*, *Giant's Fanfest* and *the Nike Women's Marathon*.

A number of major motion pictures and television series have been produced on Port property including; *Trauma* and *Myth Busters*.

The Port is also very popular with advertisers that account for the majority of still photo shoots that occur at the Port. From elegant fashion and auto ads located at Pier 7 to the more urban industrial projects shot in the Southern Waterfront, the Port offers a variety of locations sought after by creative photographers.

In order to standardize fees charged for various Port facilities, Port staff has established a Special Event and Filming Fee Schedule. The schedule is reviewed annually to reflect current market conditions and submitted to the Port Commission for re-approval. On June 12, 2007 the Port Commission by Resolution No. 07-40 amended the Rental Rate Schedule to include the Special Event and Filming Fee Schedule.

There are several recurring Special Events/Uses that have a strong Maritime or community connection to the Port of San Francisco and have customarily been given either a fee waiver or fee reduction by the Port Commission on an ad hoc basis. In order to streamline the administrative process and costs associated with preparing individual Commission Agenda Items for each event, staff recommends that the Port Commission approve the recommended fees for these events.

1. Proposed Fee Waiver: *4th of July Celebration*; *Fleet Week*; *City's New Years Eve Celebration*, *Madonna Del Lume*, *Miracle at Pier 48*, and *Project Homeless Connect*;
2. Proposed Fee Reductions: *Small Boat Fishing Gear Swap Meet* \$300 versus \$2,000 and *Delancey Street Christmas tree Lot*, \$3,528 versus \$7,055.

The methodology for deriving the fees described in the Special Events and Filming Fee Schedule is a combination of market research, continuous dialog with special events promoters and mostly the Port's own experience at negotiating fees. Because of the variety and unique characteristics of Port property, the Port has been able to set fees for special events and filming.

The attached Special Event and Filming Schedule E reflects both a comparison of fees charged by the Port and other public venues in the City, such as athletic events and other entertainment venues managed by the Department of Parks and Recreation, film permits issued through the Film Commission, and rates charged for the Concourse Exhibition Center.

In Fiscal Year 2008-09 special events and filming generated a combined total of \$67,247 in revenues to the Port (as of April 2009). Of this amount, special events generated 65,065 and filming \$2,182.

PROPOSED FY 2009-10 SPECIAL EVENT AND FILMING RATE SCHEDULE

Port staff does not propose any changes to the FY 2009-10 Special Event and Filming Rate Schedule, which is listed on Exhibit E.

RECOMMENDATION

Port staff recommends the Port Commission approve the Fiscal Year 2009-10 Monthly Rental Rate Schedule, Monthly Parking Stall Rates (monthly parking stall schedule in staff report), and Special Event and Filming Rates, attached hereto as Exhibits C and E respectively. Port staff further recommends that the these Rate Schedules be effective as of August 1, 2009. Upon adoption of these Rate Schedules, Port staff will be authorized to enter into leases, licenses, and Memorandum of Understanding without specific Port Commission approval provided that the transaction conforms to all the approved leasing parameters. Port staff would not be authorized to enter into leases, licenses or MOUs at rental rates below those adopted without specific authorization from the Port Commission.

Prepared by:	Jeffrey A. Bauer, Senior Leasing Manager
For:	Susan Reynolds, Director of Real Estate

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 09-34

- WHEREAS, by Resolution No. 93-127, adopted September 8, 1993, and as amended by Resolution 93-135, the Port Commission authorized the Executive Director to approve and execute leases, licenses, and Memorandums of Understanding that conform to all of the leasing parameters set forth in Resolutions No. 93-127 and 93-135; and
- WHEREAS, said leasing parameters provide that leases, licenses, and Memorandums of Understanding so approved and executed shall have rents that conform to the Monthly Rental Rate Schedule, Parking Stall Rate Schedule, and Special Event and Filming Rate Schedule as adopted and amended periodically by the Port Commission; and
- WHEREAS, Port staff has reviewed current office/industrial-warehouse, parking, and special event and filming market data and has prepared and recommended an updated Fiscal Year 2009-10 Monthly Rental Rate Schedule, Monthly Parking Stall Rate Schedule (monthly parking stall rate schedule in staff report), and Special Event and Filming Rate Schedule; and
- WHEREAS, Port staff recommends approval of the Fiscal Year 2009-10 Monthly Rental Rate Schedule, Parking Rate Schedule, and Special Events and Filming Rate Schedule which would set rental rates for office/industrial space, monthly parking stalls, and special event and filming rates as described in this staff report; and
- WHEREAS, Port staff recommends approval of one month early entry for each year of lease term up to three months for the purpose of space preparation; and
- WHEREAS, Port staff recommends approval of the updated Fiscal Year 2009-10 Fisherman's Wharf Encroachment Permit Rates for Airspace Permits, Sidewalk Permits, and Curb-Space Permits as described in the staff report; and
- WHEREAS, Port staff recommends approval of proposed fee wavier for certain special events including 4th of July Celebration, Fleet Week, City's New Year Eve Celebration, Madonna Del Lume, Miracle at Pier 48, and Project Homeless Connect; Port staff further recommends approval of fee reductions for the Small Boat Fishing Gear Swap Meet, and Delancey Street Christmas Tree Lot as described in the staff report, now therefore be it

RESOLVED, that the Port Commission hereby approves and adopts the Fiscal Year 2009-10 Monthly Rental Rate Schedule, Parking Rate Schedule, Special Event and Filming Rate Schedule effective August 1, 2009, approval of one month early entry for each year of lease term up to three months for the purpose of space preparation, approval of the updated Fiscal Year 2009-10 Fisherman's Wharf Encroachment Permit Rates for Airspace Permits, Sidewalk Permits, and Curb-Space Permits; and approval of proposed fee wavier and fee reductions for certain special as described in this Resolution; and be it further

RESOLVED, that Port staff shall continue to provide the Port Commission, within thirty days following each calendar month, a summary of leases, licenses, and MOU's entered into and subleases or assignments consented to during that month.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 14, 2009.

Secretary

MEMORANDUM

To: Jeff Bauer and Jonathan Stern; Port of San Francisco

From: Mary A. Smitheram-Sheldan and Courtney Pash; CBRE Consulting

Date: June 10, 2009

Subject: Fiscal Year 2009-10 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates Review

As requested, CBRE Consulting ("CBRE") has reviewed the June 9, 2009 Memorandum prepared by Port of San Francisco staff, titled Fiscal Year 2009-10 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates ("Mema"). CBRE focused its review on the proposed monthly rental rate schedule for the various types of land uses included, as well as the monthly parking stall rates. The special event and filming rates were not reviewed by CBRE.

Given the nuances associated with each property leased by the Port of San Francisco, CBRE Consulting reviewed the rates for overall reasonableness based on the included referenced material as well as additional reliable market data gathered by CBRE.¹ CBRE paid close attention to the changes over the prior years' rates, given the current state of the economy. In summary, CBRE concludes that the proposed rental rate schedule appears generally reasonable and consistent with overall market trends.

METHODOLOGY AND DATA SOURCES

Overall, the Memo utilized brokerage reports from reputable firms, recent Port lease data, and other surveys as the basis of its rent schedule. These data sources are all believed to be sufficient for the broad categories of land uses considered.

In its Mema, Port staff utilized the annual and quarterly broker reports prepared by BT Commercial and Cornish & Carey as a benchmark for San Francisco office property performance. In the peer review process, CBRE also used the CB Richard Ellis MarketView San Francisco Office Report for the first quarter 2009 as a data source. As reflected in the Mema and all three brokerage reports, the office market continued to soften through the first quarter 2009 with declining office occupancy rates, negative net absorption, and decreasing lease rates.

The industrial/warehouse market review relied on the BT Commercial Warehouse Report for the first quarter 2009, in addition to data on recent lease contracts at Port properties. The BT Commercial Report was a key data source used in CBRE's Maritime Cargo and Warehouse Market Analysis prepared for the Port in January of 2009 and is believed to be the best brokerage report for the industrial market.

¹ It should be noted that Courtney Pash was an intern at the Port of San Francisco in 2005 and 2006 and thus has personal knowledge of a number of the specific properties leased by the Port.

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CBRE
CB RICHARD ELLIS

In order to update the parking rates, Port staff conducted a parking survey of parking lots throughout San Francisco. The survey was conducted as of April 30, 2009 and thus is reflective of the current economic downturn.

CONCLUSIONS

In general, CBRE Consulting agrees with Port staff's recommendation for 2009-10 to maintain a majority of the minimum rent levels for office and industrial/warehouse space, reduce a few, and create new classifications for others. CBRE also supports the moderate increase in the average monthly rates for its parking facilities. The following paragraphs discuss CBRE's findings for the three major land use categories.

Office

The 2009-10 minimum monthly rental rates for most categories of Class B and C office space remained unchanged from the 2008-09 rates. The minimum rates for 490 Jefferson St., 501 Cesar Chavez, and the All Facilities Office Storage rate were the only categories in which the proposed rate is lower than the current rate. Citywide average asking rents have decreased over the past year across all three classes of office; however Class B and C average asking rents decreased less precipitously than Class A rents.

Class B office space average asking rents throughout the City range from a low of \$2.50 to a high of \$3.25 per square foot per month (full service gross) according to the table included in the Memo and from \$2.33 to \$3.08 per square foot per month according to the CB Richard Ellis market report. The Class B proposed minimum rents for 2009-10 range from \$2.45 to \$2.75 per square foot per month, which are within the range of those indicated throughout the City and appear reasonable given the waterfront locations of the Port's Class B office space.

The broker reports for Class C office space indicate rents ranging from \$1.83 to \$2.60 per square foot per month (full service gross). The minimum monthly rents for Class C office space recommended by Port staff for 2009-10 are between \$1.00 and \$2.50 per square foot per month. This range, coupled with the overall vacancy rate at the Port of 12 percent, which is slightly lower than the citywide rate, indicate that the proposed average asking rents are reasonable.

While CBRE concludes that the proposed rates are reasonable given current market conditions, there is concern that the office market will continue to soften through the end of this year and possibly into 2010. Thus, a more conservative recommendation could call for slightly reducing the low end of the range, particularly for those properties that may have a market disadvantage.

Industrial and Warehouse

Most of the industrial gross lease rates recommendations remained unchanged from 2008-09, with the exception of Piers 27/29/31, Piers 26-28, Pier 80, Pier 92 & SWL 344 & 349, which were reduced, and Pier 24 Annex, the only rate that increased. The warehouse market is considerably more stable than the office market. According to BT Commercial both vacancy rates and average asking rents in the San Francisco submarket remained stable from Q1 2008 to Q1 2009. These data, in addition to several recent leases signed by the Port, support the recommended minimum monthly rental rates for the industrial/warehouse properties.

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Parking

With the exception of fishing industry tenants, Port staff has proposed an increase in the parking rates for the 2009-10 fiscal year. While this appears to be inconsistent with the general downturn in the economy, CBRE believes the minimal increases are reasonable given the recent closure of the Pier ½ parking lot and the relative inelasticity of the San Francisco parking market.

The contents of this memorandum are subject to the attached Assumptions and General Limiting Conditions.

ASSUMPTIONS AND GENERAL LIMITING CONDITIONS

CBRE Consulting, Inc. has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with government officials, review of City and County documents, and other third parties deemed to be reliable. Although CBRE Consulting, Inc. believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information by third parties. We have no responsibility to update this report for events and circumstances occurring after the date of this report. Further, no guarantee is made as to the possible effect on development of present or future federal, state or local legislation, including any regarding environmental or ecological matters.

The accompanying projections and analyses are based on estimates and assumptions developed in connection with the study. In turn, these assumptions, and their relation to the projections, were developed using currently available economic data and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize, and unanticipated events and circumstances may occur. Therefore, actual results achieved during the projection period will likely vary from the projections, and some of the variations may be material to the conclusions of the analysis.

Contractual obligations do not include access to or ownership transfer of any electronic data processing files, programs or models completed directly for or as by-products of this research effort, unless explicitly so agreed as part of the contract.

This report may not be used for any purpose other than that for which it is prepared. Neither all nor any part of the contents of this study shall be disseminated to the public through publication advertising media, public relations, news media, sales media, or any other public means of communication without prior written consent and approval of CBRE Consulting, Inc.



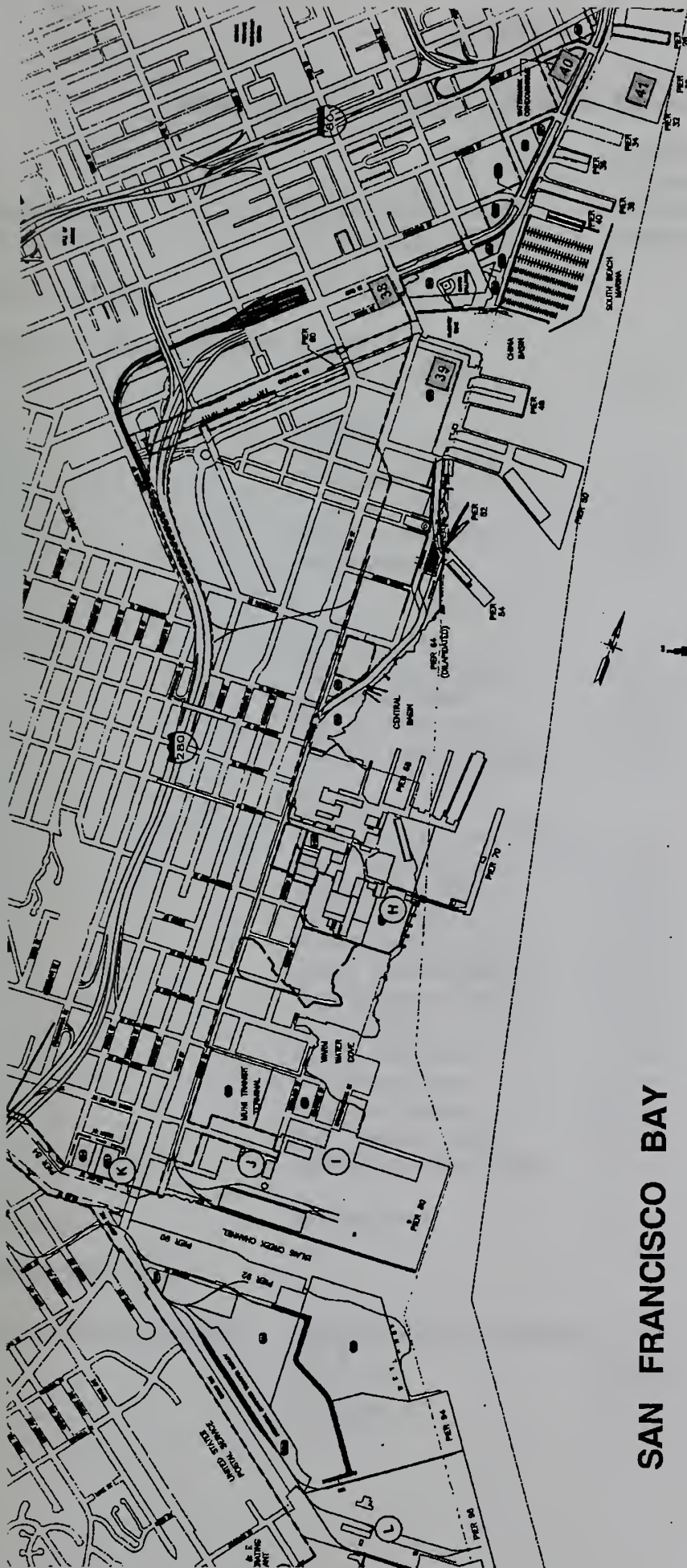
○ Port-managed Parking Facilities

- A SWL 303
- B SWL 302
- C Wharf J3
- D Pier 45 Shed C
- E Pier 9
- F SWL 324
- G Agriculture Building

■ Other Parking Facilities located in the Vicinity

- 1 Beach & Hyde Garage
- 2 Anchorage Shopping Ctr Garage
- 3 Fisherman's Wharf Parking
- 4 401 Beach / Jones & Taylor
- 5 300 Beach / Taylor & Mason
- 6 Longshoremen's Hall Parking Lot
- 7 Coast Plus Parking Garage
- 8 North Point Shopping Ctr Garage
- 9 Triangle Parking Lot
- 10 Pier 39 Garage
- 11 2300 Stockton & Grant
- 12 Imperial Parking Lot 20
- 13 Bay / Embarcadero & Kearny
- 14 80 Francisco Garage
- 15 55 Francisco Garage
- 16 Pier 27 Apron & Piers 27/29 Valley
- 17 Pier 17 Marginal Wharf
- 18 Pier 15 Valley
- 19 SWL 321
- 20 Vallejo / Embarcadero
- 21 50 Broadway / Embarcadero
- 22 Davis / Broadway & Vallejo
- 23 Front / Broadway & Vallejo
- 24 847 Front Street
- 25 750 Front / Broadway & Pacific
- 26 750 Battery / Broadway
- 27 900 Sansome / Broadway
- 28 955 Sansome / Broadway & Vallejo
- 29 825 Sansome / Pacific & Broadway
- 30 350 Pacific / Battery & Sansome
- 31 768 Sansome / Pacific & Jackson
- 32 Golden Gateway Garage
- 33 Embarcadero Center Garage
- 34 Pier 3 Homblower Yachts Parking Lot
- 35 SWL 351 Ferry Bldg Investors Parking Lot
- 36 1 Market
- 37 75 Howard / Stuart & Spear

SAN FRANCISCO BAY



SAN FRANCISCO BAY



Port-managed Parking Facilities

- H SWL 348
- I Pier 80
- J Pier 80 Admin Building
- K Pier 84
- L Pier 96

Other Parking Facilities located in the Vicinity

- 38 China Basin Landing Garage
- 39 Garvin Parking Lot A
- 40 Imperial Parking Lot 26
- 41 Imperial Parking Lot 30

EXHIBIT A

2008-09 MINIMUM MONTHLY RENTAL RATE SCHEDULE⁺

<u>TYPE OF USE & TYPE OF LEASE</u>	<u>CLASS & LOCATION OF FACILITY/SPACE</u>	<u>MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.</u>	<u>MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*</u>
<u>OFFICE SPACE USES:</u>			
<u>FULL SERVICE GROSS LEASES:</u>	<u>CLASS B</u>		
	Roundhouse Plaza	\$2.45 - 2.95	\$2.20 - 2.75
	<u>CLASS C</u>		
	Agriculture Building		
	Window Office	\$2.40 - 2.60	\$2.20 - 2.55
	Interior Office	\$1.50 - 2.00	\$0.98 - 1.48
	401 Terry Francois	\$2.35 - 2.60	\$2.00 - 2.75
	696 Amador	\$1.75 - 1.80	\$1.50 - 1.60
 <u>NET LEASES:</u>			
	<u>CLASS B</u>		
	Pier 9 Bulkhead Bldg.	\$2.75 - 3.00	\$2.40 - 2.90
	Pier 9 Pier Offices	\$2.75 - 3.00	\$2.40 - 2.90
	Pier 26 Annex Bldg.	\$2.50 - 2.90	\$2.40 - 2.90
	Pier 33-35 Bulkhead Bldg.	\$2.50 - 2.75	\$2.25 - 2.50
	<u>CLASS C</u>		
	Piers 15-19 Bulkhead Bldgs.	\$1.85 - 2.00	\$1.85 - 1.75
	Pier 27 Admin. Bldg.	\$1.35 - 1.60	\$1.35 - 1.44
	Pier 29 Annex Bldg.	\$1.35 - 1.60	\$1.35 - 1.44
	490 Jefferson St.	\$1.85 - 2.25	\$1.85 - 2.25
	Piers 26 Bulkhead Bldg.	\$2.50 - 2.75	\$2.00 - 2.25
	Pier 28 Bulkhead Bldg.	\$2.50 - 2.75	\$1.25 - 1.75
	Piers 50 Bulkhead Bldg.	\$2.00 - 2.30	\$1.95 - 2.25
	Pier 54 Office	\$1.50 - 1.75	\$1.25 - 1.40
	Pier 70, Building 11	\$1.10 - 1.25	\$1.00 - 1.20
	501 Cesar Chavez	\$1.80 - 1.80	\$1.50 - 1.60
	601 Cesar Chavez	\$1.00 - 1.25	\$0.90 - 1.05
	Pier 96 Admin. Bldg.	\$1.35 - 1.60	\$1.25 - 1.50
	Pier 96 Gate House Bldg.	\$1.25 - 1.50	\$0.75 - 1.25
<u>OFFICE STORAGE</u>	All Facilities	\$1.10 - 1.10	\$1.10 - 1.10
<u>INDUSTRIAL SHED USES:</u>			
<u>INDUSTRIAL GROSS LEASES:</u>	<u>NORTHEAST WATERFRONT</u>		
	Pier 9	\$1.25 - 1.25	\$1.25 - 1.25
	Pier 17 - 45	\$0.75 - 1.00	\$0.70 - 0.75
	Pier 27/29/31	\$0.75 - 0.80	\$0.75 - 0.80

<u>TYPE OF USE & TYPE OF LEASE</u>	<u>CLASS & LOCATION OF FACILITY/SPACE</u>	<u>MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.</u>	<u>MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*</u>
	<u>SOUTH BEACH/CHINA BASIN</u>		
	Pier 24 Annex	\$0.45 - 0.45	\$0.45 - 0.45
	Piers 26-28	\$0.80 - 1.00	\$0.80 - 1.00
	Piers 48	\$0.85 - 1.10	\$0.85 - 0.85
	Pier 50-54 1/2	\$0.80 - 1.10	\$0.80 - 1.10
	<u>SOUTHERN WATERFRONT</u>		
	SWLs 343 & 354	\$0.75 - 0.85	\$0.80 - 0.75
	Pier 80	\$0.75 - 0.85	\$0.80 - 0.75
	Pier 92 & SWLs 344 & 349	\$0.75 - 0.85	\$0.80 - 0.75
	Pier 96 M & R	\$0.75 - 0.85	\$0.80 - 0.75
<u>OPEN LAND AND PIER SPACE USES:</u>			
<u>INDUSTRIAL GROSS LEASES: "PORT STANDARD NET LEASE"</u>	<u>UNPAVED LAND</u>	\$0.26 - 0.30	\$0.26 - 0.30
	<u>PAVED LAND</u>	\$0.28 - 0.32	\$0.28 - 0.32
	<u>IMPROVED LAND</u>	\$0.30 - 0.34	\$0.30 - 0.34
<u>FISHING INDUSTRY USES:</u>			
<u>INDUSTRIAL GROSS LEASES:</u>	<u>FISH WHOLESALING & PROCESSING SPACE</u>		
	<u>Improved Fish Processing Space</u>		
	Pier 45 Sheds	\$0.80 - 0.85	\$0.75 - 0.80
	Second floor warehouse	\$0.40 - 0.45	\$0.35 - 0.40
	Pier 45 Office	\$1.10 - 1.50	\$1.05 - 1.25
	<u>Sheds</u>		
	Pier 33	\$0.80 - 0.85	\$0.75 - 0.75
	699 Illinois	\$0.75 - 0.80	\$0.70 - 0.70
	<u>Aprons</u>	\$0.25 - 0.25	\$0.25 - 0.25
<u>LICENSES:</u>	<u>FISHING GEAR STORAGE</u>	\$0.22 - 0.22	\$0.22 - 0.22

* The range in rental rates is provided as an example of the minimum rental rates for different space in the building (ie. higher rates for higher floors). It is not, and should not be construed as, a cap or maximum rental rate for such space.

* Minimum Net Effective Rents are rents that reflect the application of rent credits for new paint and carpet. The Minimum Net Effective Rates reflect the amortization of rent credits provided by Port over the term of the lease.

Port of San Francisco

EXHIBIT B

Active Office Rental Transactions Effective April 25, 2008 to May 12, 2009

Company Name	Leasehold Name	Contract #	Facility	Eff Date	Exp Date	Sqft	Rate/SF	Lshld Type	Class
FERRY PLAZA									
Ansaldobreda, Inc.	Ag Bldg Suite 210	L-14547	2780	23-May-08	31-May-10	3,665	\$2.48	OFFICE-FS	
Ayer Media, Inc.	401 Terry Francois Blvd, Stes. 212 & 212A	L-14518	2505	1-Jul-08	30-Jun-10	1,343	\$2.42	OFFICE-FS	
Ayer Media, Inc.	401 Terry Francois Blvd. Ste. 213	L-14518	2505	1-Jul-08	30-Jun-10	704	\$2.35	OFFICE-FS	
Ayer Media, Inc.	401 Terry Francois Blvd., Ste. 106	L-14518	2505	1-Jul-08	30-Jun-10	86	\$1.29	OFFICE-FS	
Buchdruker, Elliott D.	Agriculture Bldg. Suite 206	L-14576	2780	1-Aug-08	31-Jul-09	1,025	\$2.40	OFFICE-FS	
Ferry Plaza Seafood Inc	AG. Bldg #103	L-14641	2780	6-Nov-08	9-Nov-13	324	\$2.00	OFFICE-FS	
Fillon Solis Architects, Inc.	Pier 50, Admin Bldg., Stes 208 & 210	L-14594	2505	1-Oct-08	30-Sep-13	648	\$2.25	OFFICE-FS	
Good Pastures MeatCo, Inc.	Agriculture Bldg. Suite 205	L-14652	2780	23-Feb-09	29-Feb-12	253	\$2.50	OFFICE-FS	
Guise, Roberta	Pier 50, Admin Bldg., Ste 220	L-14558	2505	1-Oct-08	30-Sep-11	321	\$2.00	OFFICE-FS	
Husted, Linda	Agriculture Bldg. Suites 124 & 125	L-14592	2780	1-Oct-08	30-Sep-11	611	\$2.10	OFFICE-FS	
McGrane Greenfield LLP	Agriculture Bldg. Suite 208	L-14639	2780	14-Nov-08	12-Nov-09	536	\$2.50	OFFICE-FS	
One Big Man, One Big Truck Moving Co., Inc.	Pier 50, Admin Bldg, Ste 126	L-14526	2505	1-Aug-08	31-Jul-13	598	\$2.35	OFFICE-FS	
One Big Man, One Big Truck Moving Co., Inc.	Agriculture Bldg. Parcel A Suite 100A	L-14525	2780	1-Nov-08	31-Oct-13	69	\$1.25	OFFICE-FS	
Pinnacle Communications, Inc.	Agriculture Bldg. Parcel B Suite 102	L-14525	2780	1-Nov-08	31-Oct-13	479	\$2.45	OFFICE-FS	
Pinnacle Communications, Inc.	Agriculture Bldg. Parcel C Suite 106	L-14525	2780	1-Nov-08	31-Oct-13	234	\$1.10	OFFICE-FS	
Rohosky, John	Pier 50, Admin Bldg, Ste 104	L-14559	2505	1-Oct-08	30-Sep-11	310	\$2.00	OFFICE-FS	
Vitruvian Doors & Windows	401 Terry Francois Blvd Ste 102	L-14541	2505	25-Apr-08	31-Dec-13	423	\$2.35	OFFICE-FS	
Howard, Susan	Pier 70, Bldg 11, Ste #202	L-14578	3491	1-Jan-09	31-Dec-13	343	\$1.10	OFFICE-NET	
Sara Newton, Melissa Karam & Ian Kimberley	Pier 70, Bldg. #11, Suite 319	L-14709	3491	1-May-09	30-Apr-10	644	\$1.25	OFFICE-NET	
Shaw, Adele Louise	Pier 70, Building 11, Suite 321	L-14586	3491	1-Jul-08	31-Jul-09	390	\$1.25	OFFICE-NET	

Avg Mo Rental Rate

1.97

NORTHERN WATERFRONT

A. La Rocca Seafood, Inc.	Pier 45, Shed B, Parcel A	L-14160	1450	1-Sep-08	31-Aug-18	329	\$1.03	OFFICE-FS	
A. La Rocca Seafood, Inc.	Pier 45, Shed B, Parcel C	L-14160	1450	1-Sep-08	31-Aug-18	865	\$0.36	OFFICE-FS	
A. La Rocca Seafood, Inc.	Pier 45, Shed B, Parcel D	L-14160	1450	1-Sep-08	31-Aug-18	572	\$1.03	OFFICE-FS	
Caito Fisheries Inc.	Pier 45, Shed B, Parcel A	L-14162	1450	1-Aug-08	31-Jul-18	312	\$1.03	OFFICE-FS	
Caito Fisheries Inc.	Pier 45, Shed B, Parcel B	L-14162	1450	1-Aug-08	31-Jul-18	247	\$1.03	OFFICE-FS	
Costarella Seafood, Inc.	Pier 45, Shed B, Parcel A	L-14159	1450	1-Sep-08	31-Aug-18	231	\$1.03	OFFICE-FS	
Pier 45 Seafood, Inc.	Pier 45, Shed B, Parcel A, 1st Fl Office Spac	L-14637	1450	1-Nov-08	31-Aug-18	122	\$1.35	OFFICE-FS	
Pier 45 Seafood, Inc.	Pier 45, Shed B, Parcel B, Mezzanine Office	L-14637	1450	1-Nov-08	31-Aug-18	275	\$1.00	OFFICE-NET	
West Bay Seafood Company, Inc.	Pier 45, Shed B, Parcel A, 1st Fl Office Spac	L-14654	1450	1-Jan-09	31-Dec-13	265	\$1.35	OFFICE-NET	

Avg Mo Rental Rate

1.02

NORTHEASTERN WATERFRONT

Aleck Wilson Architects, Inc.	Roundhouse Two, Suite 210	L-14627	3180	1-Oct-08	30-Sep-10	2436	\$2.75	OFFICE-FS	
Bay Planning Coalition	10 Lombard Street, Suite 408	L-14608	3180	1-Nov-08	31-Oct-13	985	\$2.28	OFFICE-FS	
Cheng, Claudine	Roundhouse Plaza, Suite A	L-14450	3180	1-Aug-08	31-Jul-11	296	\$2.45	OFFICE-FS	

Port of San Francisco
Active Office Rental Transactions Effective April 25, 2008 to May 12, 2009

Company Name	Leasehold Name	Contract #	Facility	Eff Date	Exp Date	Sqft	Rate/SF	Lshld Type	Class
L & P Spirits Imports, LLC	Pier 19-23	14690	1190	1-Jan-09		121.5	\$1.50	OFFICE-FS	
Paradiso, Thomas J.	1101 Embarcadero	L-14262	3180	1-Nov-08	31-Oct-13	1641	\$2.30	OFFICE-FS	
SFCC Dept. of Emergency Management	10 Lombard Street, Suite 410	M-14585	3180	20-Aug-08	31-Jul-10	2175	\$2.59	OFFICE-FS	
SFCC Dept. of Emergency Management	10 Lombard Street, Suite 200	M-14622	3180	1-Oct-08	30-Sep-10	1410	\$2.89	OFFICE-FS	
California Foundation on the Environment & Econo	2nd Floor Office Space Ste 202	L-14261	1351	1-Jul-08	30-Jun-13	1804	\$1.65	OFFICE-NET	
California Foundation on the Environment & Econo	Mezzanine Office Space	L-14261	1351	1-Jul-08	30-Jun-13	1098	\$1.65	OFFICE-NET	
TCHO Ventures, Inc.	Pier 17 (Parcel A)	L-14584	1170	13-Jan-09	12-Jan-14	4263	\$1.85	OFFICE-NET	
VoxPop Network Corporation	Pier 9, Suite 116	L-14566	1090	1-May-08	30-Apr-10	3403	\$2.80	OFFICE-NET	
						Avg Mo Rental Rate		2.25	
SOUTHBEACH									
Sasco, Inc.	Pier 28 Parcel A - Northern Bulkhead Office	L-14546	1280	22-May-08	21-May-09	2256	\$2.50	OFFICE-NET	
						Avg Mo Rental Rate		2.50	

Exhibit C

2009-10 MINIMUM MONTHLY RENTAL RATE SCHEDULE⁺

<u>TYPE OF USE & TYPE OF LEASE</u>	<u>CLASS & LOCATION OF FACILITY/SPACE</u>	<u>MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.</u>	<u>MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*</u>
<u>OFFICE SPACE USES:</u>			
<u>FULL SERVICE GROSS LEASES:</u>	<u>CLASS B</u>		
	Roundhouse Plaza	\$2.45 - 2.95	\$2.20 - 2.75
	<u>CLASS C</u>		
	Agriculture Building		
	Window Office	\$2.40 - 2.60	\$2.20 - 2.55
	Interior Office	\$1.50 - 2.00	\$0.98 - 1.48
	401 Terry Francois	\$2.35 - 2.60	\$2.00 - 2.75
	696 Amador	\$1.75 - 1.80	\$1.50 - 1.60
	<u>CLASS B</u>		
	Pier 9 Bulkhead Bldg.	\$2.75 - 3.00	\$2.40 - 2.90
<u>NET LEASES:</u>	Pier 9 Pier Offices	\$2.75 - 3.00	\$2.40 - 2.90
	Pier 26 Annex Bldg.	\$2.50 - 2.90	\$2.40 - 2.90
	Pier 33 ½ North	\$2.50 - 3.00	\$2.25 - 2.75
	Pier 35 Bulkhead Bldg.	\$2.50 - 2.75	\$2.25 - 2.50
	<u>CLASS C</u>		
	Pier 9 Studio/office	\$2.00 - 2.50	\$1.75 - 2.25
	Piers 15-23 Bulkhead Bldgs.	\$1.25 - 2.00	\$1.00 - 1.75
	Pier 27 Admin. Bldg.	\$1.35 - 1.60	\$1.35 - 1.44
	Pier 29 Annex Bldg.	\$1.35 - 1.60	\$1.35 - 1.44
	Pier 33 ½	\$1.75 - 2.25	\$1.50 - 2.00
	Pier 35 Interior office	\$1.75 - 2.00	\$1.50 - 1.75
	490 Jefferson St.	\$1.85 - 2.25	\$1.85 - 2.25
	Piers 26 Bulkhead Bldg.	\$2.50 - 2.75	\$2.00 - 2.25
	Pier 28 Bulkhead Bldg.	\$2.50 - 2.75	\$1.25 - 1.75
	Piers 50 Bulkhead Bldg.	\$2.00 - 2.30	\$1.95 - 2.25
	Pier 54 Office	\$1.50 - 1.75	\$1.25 - 1.40
	Pier 70, Building 11	\$1.10 - 1.25	\$1.00 - 1.20
	501 Cesar Chavez	\$1.50 - 1.80	\$1.25 - 1.60
	601 Cesar Chavez	\$1.00 - 1.25	\$0.90 - 1.05
	Pier 96 Admin. Bldg.	\$1.35 - 1.60	\$1.25 - 1.50
	Pier 96 Gate House Bldg.	\$1.25 - 1.50	\$0.75 - 1.25
	<u>OFFICE STORAGE</u>		
	All Facilities	\$1.00 - 1.00	\$1.00 - 1.00

Exhibit C

<u>TYPE OF USE & TYPE OF LEASE</u>	<u>CLASS & LOCATION OF FACILITY/SPACE</u>	<u>MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.</u>	<u>MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*</u>
<u>INDUSTRIAL SHED USES:</u>			
<u>INDUSTRIAL GROSS LEASES:</u>	<u>NORTHEAST WATERFRONT</u>		
	Pier 9	\$1.25 - 1.25	\$1.25 - 1.25
	Pier 15 - 17	\$0.75 - 1.00	\$0.70 - 0.75
	Pier 33 - 35	\$0.75 - 0.85	\$0.70 - 0.80
	Pier 19 - 19 ½	\$0.60 - 0.75	\$0.75 - 0.70
	Pier 23	\$0.75 - 0.80	\$0.70 - 0.75
	Pier 27/29/31	\$0.70 - 0.80	\$0.70 - 0.80
	Pier 47 shed storage	\$0.75 - 1.00	\$0.70 - 0.90
	SWL 302 storage	\$0.75 - 1.00	\$0.65 - 0.75
	<u>SOUTH BEACH/CHINA BASIN</u>		
	Pier 24 Annex	\$1.18 - 1.25	\$1.18 - 1.25
	Piers 26-28	\$0.70 - 1.00	\$0.65 - 0.75
	Piers 48	\$0.85 - 1.10	\$0.85 - 0.85
	Pier 50-54 1/2	\$0.70 - 1.00	\$0.65 - 0.75
<u>TYPE OF USE & TYPE OF LEASE</u>	<u>CLASS & LOCATION OF FACILITY/SPACE</u>	<u>MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.</u>	<u>MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*</u>
	<u>SOUTHERN WATERFRONT</u>		
	SWLs 343 & 354	\$0.75 - 0.85	\$0.80 - 0.75
	SWL 345	\$0.75 - 1.00	\$0.70 - 0.80
	Facility 6019	\$0.55 - 0.55	\$0.55 - 0.55
	Pier 80	\$0.75 - 0.85	\$0.80 - 0.75
	Pier 92 & SWLs 344 & 349	\$0.75 - 0.85	\$0.80 - 0.75
	Pier 96 M & R	\$0.75 - 0.85	\$0.80 - 0.75
<u>OPEN LAND AND PIER SPACE USES:</u>			
<u>INDUSTRIAL GROSS LEASES:</u>	<u>UNPAVED LAND</u>		
"PORT STANDARD NET LEASE"		\$0.20 - 0.25	\$0.18 - 0.20
	<u>PAVED LAND</u>		
		\$0.22 - 0.25	\$0.20 - 0.23
	<u>IMPROVED LAND</u>		
		\$0.25 - 0.30	\$0.22 - 0.28

Exhibit C

<u>TYPE OF USE & TYPE OF LEASE</u>	<u>CLASS & LOCATION OF FACILITY/SPACE</u>	<u>MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.</u>	<u>MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*</u>
<u>FISHING INDUSTRY USES:</u>			
<u>INDUSTRIAL GROSS LEASES:</u>	<u>FISH WHOLESALING & PROCESSING SPACE</u>		
	<u>Improved Fish Processing Space</u>		
	Pier 45 Sheds	\$0.75 - 0.85	\$0.75 - 0.80
	Second floor warehouse	\$0.40 - 0.45	\$0.35 - 0.40
	Pier 45 Office 1st fl office	\$1.10 - 1.50	\$1.05 - 1.25
	Pier 45 2 nd fl mezz	\$0.85 - 1.25	\$0.75 - 1.00
	<u>Sheds</u>		
	Pier 33	\$0.80 - 0.85	\$0.75 - 0.75
	699 Illinois	\$0.75 - 0.80	\$0.70 - 0.70
	<u>Aprons</u>	\$0.22 - 0.22	\$0.22 - 0.22
<u>LICENSES:</u>	<u>FISHING GEAR STORAGE</u>	\$0.22 - 0.22	\$0.22 - 0.22

⁺ The range in rental rates is provided as an example of the minimum rental rates for different space in the building (ie. higher rates for higher floors). It is not, and should not be construed as, a cap or maximum rental rate for such space.

^{*} Minimum Net Effective Rents are rents that reflect the application of rent credits for new paint and carpet. The Minimum Net Effective Rates reflect the amortization of rent credits provided by Port over the term of the lease.

EXHIBIT D - PARKING RATES SURVEY
As of April 30, 2009

	Location	Operator	Phone #	Monthly Parking				Days / Week	Hour	Daily Parking	Hourly Parking	Covered / Uncovered
				Reserved	Non-reserved	Vacancy	In/Out Privilege					
1	Beach & Hyde Garage 655 Beach / Leavenworth & Hyde	Propark America	673-1735	--	\$175	No	Yes	7 days	24 hrs	\$21 12hrs, \$28 24 hrs, M - F \$25 12hrs, \$28 24 hrs, S - S	\$2 /20 mins	Covered
2	Anchorage Shopping Center Garage 500 Beach / Jones & Leavenworth	Ace Parking	673-7762 725-2338	\$275	\$130	Yes	Yes	7 days	24 hrs	\$32 max \$8 in before 9am	\$6 /hr	Covered
3	Fisherman's Wharf Parking 273 Jefferson / Beach & Jones	Wharf Properties, Inc	885-4884	--	--	--	--	--	--	\$15 M - F \$24 S - S	\$3 /30 mins	Uncovered
4	401 Beach / Jones & Taylor	Nunzio Corp		--	--	--	--	--	--	\$10	--	Uncovered
5	350 Beach / Taylor & Mason	Imperial Parking	227-0114	--	\$150	Yes	No	7 days	5am - 11pm	\$15 daily, max \$20 for 24 hrs \$8 in before 9am M - F	\$4 /hr	Covered
6	Longshoremen's Hall Parking Lot North Point / Mason & Taylor	City Park	495-3909	--	\$150	Yes	Yes	7 days	7am - 12am	\$10 M - F \$20 S - S	\$2 /hr	Uncovered
7	Cost Plus Parking Garage Taylor / North Point	City Park	441-6932	--	\$200	No	Yes	7 days	7am - 10pm	\$15 7am - 10pm	\$2 /30 mins	Covered
8	North Point Shopping Center Garage 350 Bay / Powell & Mason	Imperial Parking	227-0114	--	\$145 \$170	No Yes	Yes Yes	M - F 7 days	24 hrs	\$25 M - F \$35 S - S	\$5 /hr M - F \$6 /hr S - S	Covered & Uncovered
9	Triangle Parking Lot 2860 Taylor / Jefferson	City Park	558-9147	--	--	--	--	--	--	\$28 max, M - F 8am - 1am, S - S 8am - 2am	\$2 /30 mins	Uncovered
10	Pier 39 Embarcadero / Stockton	Ampco System	705-5500	--	\$200 tenants only	Yes	Yes	7 days	24 hrs	\$35	\$7 /hr	Covered
11	2300 Stockton & Grant	Super Parking	771-6374	--	\$250	Yes	Yes	7 days	6am - 12am	\$15 6am - 12am \$6 after 6:30pm	\$2 /30 mins	Covered
12	Imperial Parking Lot 20 2210 Stockton	Imperial Parking	227-0114	--	\$160 \$135	No No	Yes No	7 days M - F	24 hrs 6am - 11pm	\$12 M - F, \$15 S - S \$8 in before 9:30am	--	Covered
13	Bay / Embarcadero & Kearny	Central Parking	317-4900	--	\$225	Yes	Yes	7 days	24 hrs	\$15 flat, \$12 after 4pm \$20 S-S	--	Uncovered
14	80 Francisco Garage	City Park	398-4162	\$275	\$225	Yes	Yes	7 days	24 hrs	\$15 for 12hrs, \$25 for 24 hrs \$12 M-F, 9am - 7pm	\$2 /20 mins	Covered
15	55 Francisco Garage	Ace Parking	398-0208	\$275	\$225	Yes	Yes	7 days	24 hrs	\$15 in after 9am, M - F \$12 in before 9am, M - F	\$2 /20 mins	Covered
16	Pier 27 Apron & Piers 27/29 Valley	Central Parking	317-4900	--	\$230	Yes	Yes	7 days	24 hrs	\$15 flat, \$12 after 4pm	--	Uncovered
17	Pier 17 Marginal Wharf	Central Parking	317-4900	--	\$240	Yes	Yes	M - F	24 hrs	\$5 1st hr, \$10 2nd hr, \$15 all day	--	Uncovered
18	Pier 15 Valley	Central Parking	317-4900	--	\$240	Yes	Yes	7 days	24 hrs	\$5 1st hr, \$10 2nd hr, \$15 all day	--	Uncovered
19	SWL 321 Green / Front	Central Parking	317-4900	--	\$300	Yes	Yes	M - F	24 hrs	\$15 in by 9:30am, \$18 all day \$12 after 4pm & wknd	--	Uncovered
20	Vallejo / Embarcadero	Central Parking	317-4900	--	\$300	Yes	Yes	M - F	24 hrs	\$14 flat, \$8 after 4pm & wknd	--	Uncovered
21	50 Broadway / Embarcadero	Central Parking	317-4900	--	\$260	Yes	Yes	M - F	24 hrs	\$15 flat, \$6 after 4pm & wknd	--	Uncovered
22	Davis / Broadway & Vallejo	West Coast Parking	408-592-3051	--	\$250	Yes	No	7 days	7am - 6pm	\$15 M - F, \$12 S - S	--	Uncovered
23	Front / Broadway & Vallejo	Pacific Park Mgmt	722-9860	--	\$280	Yes	No	7 days	24 hrs	\$15 for 12 hrs, \$6 after 4 pm & wknd	--	Uncovered
24	847 Front Street Front / Broadway & Vallejo	California Parking	468-4860	--	\$299.50 \$269.75	Yes Yes	Yes No	M - F	6:30am - 8pm	\$16	\$2.50 /20 mins	Covered
25	750 Front / Broadway & Pacific	City Park	399-9783	--	\$275.00	Yes	Yes	M - F	5:30am - 8pm	\$18 in after 9am, all day \$15 9am-8pm, \$13 7:30am-8pm	\$2.50 /20 mins	Covered

EXHIBIT D - PARKING RATES SURVEY
As of April 30, 2009

	Location	Operator	Phone #	Monthly Parking					Daily Parking	Hourly Parking	Covered / Uncovered
				Reserved	Non-reserved	Vacancy	In/Out Privilege	Days / Week			
26	750 Battery / Broadway	Ampco System	956-8148	--	\$320.00	No	Yes	M - F	7am - 7pm	\$18 max \$15 in before 9:30am	Covered
27	900 Sansome / Broadway	Liberty Parking Mgmt	650-342-3010	--	\$280.00	Yes	Yes	M - F	6am - 9pm	\$18 flat rate \$14 M - F 11am - 6pm	Covered
28	955 Sansome / Broadway & Vallejo	Bay Parking	823-1066	--	\$300 \$275	Yes Yes	Yes Yes	7 days M - F	24 hrs	\$5 1st 30 mins, then daily rate	Covered/ Uncovered
29	825 Sansome / Pacific & Broadway	Central Parking	317-4900	--	\$300	Yes	Yes	M - F	6:30am - 8pm	\$15 in before 9am \$14 in before 9am \$15 in by 10am & out after 3pm \$22 all day	Covered
30	350 Pacific / Battery & Sansome	Central Parking	317-4900	--	\$295	Yes	Yes	7 days	7am - 6pm	\$14 in by 11am, \$18 max, \$10 after 4pm & wknd, \$40 oversized	Uncovered
31	768 Sansome / Pacific & Jackson	California Parking	468-4860	--	\$395 \$345	Yes Yes	Yes No	7 days	24 hrs	\$24 for 12 hrs, \$16 9am - 4 pm, After 4pm: \$8 M - Th, \$10 F - S	Uncovered
32	Golden Gateway Garage 250 Clay / Battery & Front	Five Star Parking	433-4722	\$500	\$390	Yes	Yes	M - F S - S	4am - 12am various	\$36 in after 10am	Covered
33	Embarcadero Center Garage Building 1, 2, 3 & 4	Ampco System	772-0670	\$650 tenants only	\$410 tenants \$435 non-tenants	Yes	Yes	7 days	24 hrs	\$32	Covered
34	Pier 3 Hornblower Yachts Parking Lot	Hornblower Yachts	788-8866	--	\$325	Yes	Yes	M - F	6am - 6pm	\$5 /hr 10am - 6pm \$20 max	Uncovered
35	Ferry Bldg Investors Parking Lot SWL 351 / Embarcadero & Washington	Ace Parking		--	--	--	--	--	--	\$6.50 /hr	Uncovered
36	1 Market	Ace Parking	777-2292	\$600	\$475	No	Yes	7 days	24 hrs	\$3 /15 mins	Covered
37	75 Howard / Stuart & Spear	Ace Parking	543-2214	\$465 - \$435	\$375	Yes	Yes	7 days	24 hrs	\$29 in after 8:30am \$21 in bef. 8:30am, out after 1pm	Covered
38	China Basin Landing Garage 3rd Street / Berry	Ace Parking	625-0755	\$300	\$275 non-tenants \$255 tenants	Yes	Yes	7 days	24 hrs	\$19	Covered
39	Giants Parking Lot A 3rd Street / Terry A. Francois	Imperial Parking	227-0114	--	\$200 \$135	Yes Yes	Yes Yes	7 days M - F	24 hrs 6am - 6pm	\$13 6am -12am \$9 6am - 6pm	Uncovered
40	Imperial Parking Lot 26 Embarcadero / Bryant	Imperial Parking	227-0114	--	\$200	No	Yes	7 days	24 hrs	\$12 in after 10am \$11 in before 10am	Uncovered
41	Imperial Parking Lot 30 Pier 30	Imperial Parking	227-0114	--	\$150 \$140	Yes Yes	Yes Yes	7 days 7 days	24 hrs 5am - 11pm	\$12 in after 10am \$10 in before 10am	Uncovered

Exhibit E

FY 2009-10 Special Events and Filming Fee Schedule

	Rate
<u>Still Photo Shoot</u>	
Outdoor:	
Simple per day	\$ 1,000.00
Major per day	\$ 2,000.00
Indoor:	
Piers simple per day	\$ 1,000.00
Piers major per day	\$ 2,000.00
Pier 1 per day (Port offices - after hrs.)	\$ 2,000.00
Pier 1 – Bayside 1-4	\$ 2,000.00
<u>Filming</u>	
Simple per day	\$ 1,000.00
Major per day	\$ 2,000.00
<u>Special Events</u>	
Athletic events (walk/run/bicycle) per day	\$ 1,000.00
Private event per day	\$ 2,000.00
Public event per day	\$ 2,000.00
<u>Pier 30/32 – Entire Pier</u>	
Private event:	
Event day	\$12,500.00
Set-up per day	\$ 2,500.00
Paid attendees:	
Event day	\$15,000.00
Set-up per day	\$ 2,500.00
Free admittance:	
Event day	\$10,000.00
Set-up per day	\$ 2,500.00

Partial Pier - Fee to be based on a pro-rata share of fee for entire pier.

Pier 48 – Shed A & C

Private:

Per event day	\$15,000.00
Set-up per day	\$ 2,500.00

Paid attendees:

Per event day	\$20,000.00
Set-up per day	\$ 2,500.00

Free admittance:

Per event day	\$12,500.00
Set-up per day	\$ 2,500.00

Partial Pier - Fee to be based on a pro-rata share of fee for entire pier.

A \$10,000.00 premium will be added to the rate above for New Year's Eve events.

Notes:

Minor film and photo shoots are those that require very few to no support functions, i.e.; the photographer and the subject, minimal equipment, etc.

Major film and photo shoots are those that require substantial support, i.e.; film crew, props, vehicles, generators, lighting, etc.

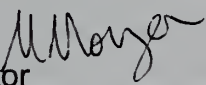
At no time shall the fee charged for filming or a special event at a specific facility be less than the rental rate as specified under the Rental Rate Schedule for that premises.



MEMORANDUM

July 7, 2009

To: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer 
Executive Director

SUBJECT: Request Authorization to Advertise a Request for Proposals (RFP) Soliciting Marine Structural and Civil Engineering Services for the Pier 43 Bay Trail Link

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

INTRODUCTION

Port staff request the Port Commission's authorization to advertise a Request for Proposals (the "RFP") soliciting engineering design services for the Pier 43 Bay Trail Link (the "Project"). The proposed RFP will seek engineering consulting services to investigate, analyze, evaluate, and design the Project, assist in permitting, prepare bid documents, develop cost estimate and construction schedule, provide construction support, and perform other engineering work as required to complete the Project. The budget estimate for these services is \$600,000.

Port staff is committed on other projects and unable to complete the work in accordance with the project schedule. Local 21 and other City agencies have been contacted, but either lack the specialized marine engineering experience required or declined the work. The project cannot be contracted out under existing as-needed contracts because the level of effort is expected to cost more than the \$200,000 threshold limit imposed by Section 6.64 of the San Francisco Administrative Code as well as the \$500,000 limit otherwise authorized by the Port Commission. It is anticipated that the proposed contract will have duration of approximately 27 months commencing October 2009 to December 2011.

This Print Covers Calendar Item No. 7B

BACKGROUND

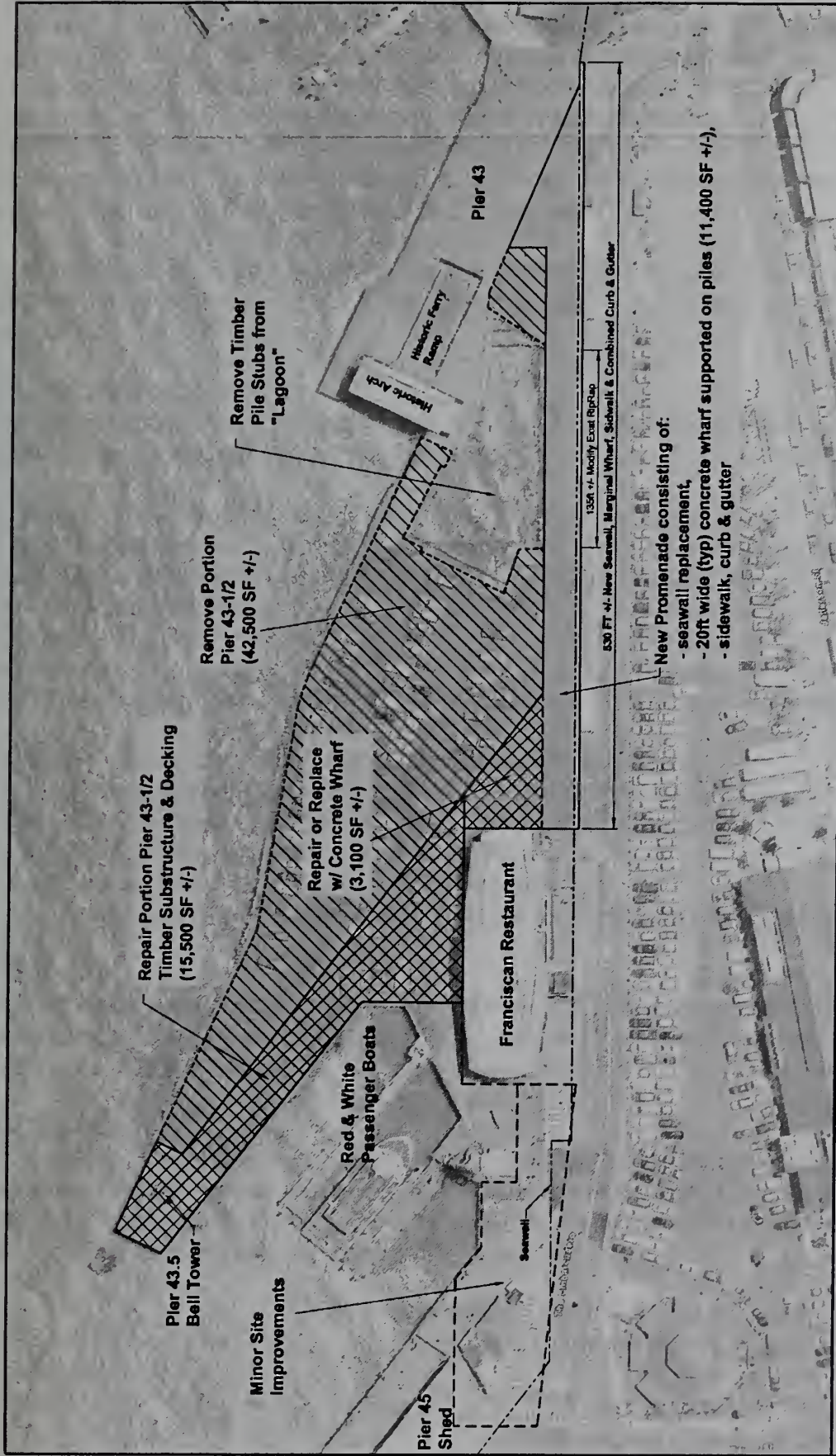
The proposed engineering consulting services will support the Project. The Project will create a public promenade and recreation area along the waterfront in San Francisco's historic Fisherman's Wharf. Located along the water side of little Embarcadero between Powell and Taylor Streets, the project will demolish a portion of Pier 43.5 (condemned), protect the shoreline, restore views and enhance the public experience along the waterfront from Pier 43 to the eastern edge of Pier 45 (See the Conceptual Site Plan below).

Project features include:

- Demolition of the majority of the condemned Pier 43.5, an asphalt covered timber pier most recently used as a parking area.
- Repair of the remainder of Pier 43.5, including the historic bell tower access.
- Replacement of the failing timber seawall from Pier 43 to the eastern edge of the Franciscan Restaurant at Pier 43.5.
- Construction of a 25-foot wide promenade from the western edge of Pier 43 to the eastern edge of the Franciscan Restaurant. The promenade includes a new marginal wharf structure with railing, sidewalk and curb. The marginal wharf is approximately 20 feet wide by 480 feet long, consisting of a concrete deck supported on concrete piles.
- Minor site improvements between the western edge of the Franciscan Restaurant and the eastern edge of Pier 45.
- Street lighting and miscellaneous site improvements.

This Project is a component of a larger concept plan originally developed between 2002 and 2004 by a joint BCDC/Port Fisherman's Wharf Planning Committee. The committee sponsored 16 public meetings and published the recommendations in the Fisherman's Wharf Planning Committee Recommendations, July 2004. The concept is consistent with current policy guidance including the BCDC San Francisco Waterfront Special Area Plan and The Port of San Francisco Waterfront Land Use Plan. In early 2008, the Project was included in a General Obligation Bond passed by San Francisco Voters. During the first half of 2009, staff worked with consulting engineers to complete conceptual engineering and construction cost estimates. The pieces are now in place to move ahead with final engineering.

The total Project budget including engineering and construction is \$8,000,000 and funded entirely by a General Obligation Bond, Proposition A - Clean and Safe Neighborhood Parks Bond, which was passed by San Francisco Voters on February 5, 2008. The Project is one of numerous projects included in the \$185 million bond.



**Pier 43 Bay Trail Link
Conceptual Design
7/2/2009**

CONCEPTUAL SITE PLAN

SELECTION PROCESS

Port staff proposes to procure the engineering design services for the Project through a fair and competitive process. Port staff will convene a selection panel to evaluate proposals and score the most qualified firm meeting the RFP criteria. The panel will consist of at least two Port staff members and two non-Port representatives. The process will be facilitated and monitored by the Port's Contract Manager as well as its Human Rights Commission (HRC) Contract Compliance Officer. HRC has established a 21% subconsulting goal for Local Business Enterprises.

The final evaluation and recommendation shall be based upon a combination of the proposal and interview scores which will each carry a 50% weight in the evaluation process.

TENTATIVE SCHEDULE

On July 6, 2009, Port staff received Civil Service Commission approval to procure these services through a consulting contract.

<u>Activity</u>	<u>Target Date</u>
Port Commission Authorization to Advertise	Tuesday, July 14, 2009
Commence RFP Advertisement*	Friday, July 17, 2009
Pre-proposal Meeting	Tuesday, July 28, 2009
Proposal Due Date	Monday, August 17, 2009
Interviews	Tuesday, September 1, 2009
Port Commission Authorization to Award Contract	Tuesday, October 13, 2009

*The RFP will be advertised using the following resources:

- Human Rights Commission Directory of Certified Local Business Enterprises
- City and County of San Francisco Office of Contract Administration website
- Port of San Francisco website
- Newspapers (SF Examiner, SF Chronicle)
- Various Minority/Women Business and Professional Associations

FUNDING

The proposed consulting services are estimated to cost approximately \$600,000 and will be funded by the General Obligation Bond approved by San Francisco voters in February 2008 as described earlier.

SUMMARY

Port staff is ready to seek competitive proposals for professional engineering services as described in this report. Therefore, staff request that the Port Commission approve the attached resolution authorizing staff to advertise for competitive proposals soliciting final engineering services for the Pier 43 Bay Trail Link.

Prepared by: Steven Reel, Project Manager
Norma Nelson, Contract Manager

For: Ed Byrne, Chief Harbor Engineer
Tina Olson, Finance Deputy Director

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-35

WHEREAS, the proposed Pier 43 Bay Trail Link (the "Project") is located in San Francisco's Fisherman's Wharf area, north of Embarcadero between Powell and Taylor Streets, and will enhance the public experience along the waterfront; and

WHEREAS, the Project will demolish a portion of Pier 43^{1/2}, replace approximately 500 lineal feet of seawall, and create a 25-foot wide public promenade including a new marginal wharf structure; and

WHEREAS, the San Francisco voters passed a General Obligation Bond on February 5, 2008 for an amount of \$8,000,000 to fund this Project; and

WHEREAS, to implement the Project, Port staff require marine structural and civil engineering consulting services to investigate, analyze, evaluate and design the Project, assist in permitting, prepare bid documents, develop cost estimates and construction schedules, provide construction support, and perform other engineering work as required to complete the Project, and

WHEREAS, Port staff obtained approval from the Civil Service Commission on July 6, 2009, for personal services contract #4003-09/10, to contract with a private engineering firm for these consulting service; and

WHEREAS, the Port Commission has allocated funding from the General Obligation Bond to pay for the proposed consulting services which are estimated to cost \$600,000; and

WHEREAS, Port staff have drafted a Request For Proposals ("RFP") to solicit consulting services for engineering required for the Project; and

WHEREAS, Port staff has incorporated a 21% subconsulting goal for Local Business Enterprises in the proposed RFP as recommended by the Human Rights Commission (HRC); now, therefore, be it

RESOLVED, that the San Francisco Port Commission hereby authorizes Port staff to advertise a Request For Proposals to solicit engineering consulting services for the Pier 43 Bay Trail Link and to initiate a competitive selection process for contract award at a future Port Commission meeting.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 14, 2009.

Secretary



MEMORANDUM

July 7, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer *M. Moyer*
Executive Director

SUBJECT: Request authorization to advertise for competitive bids for Contract No. 2735 Security Lighting at Pier 80

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Overview

Port staff request Port Commission's authorization to advertise for competitive bids for Contract No. 2735 Security Lighting at Pier 80. The project scope includes installing wall lighting along the aprons of Sheds A and D and installing new high mast area lighting West of Sheds A and D and refurbishing 7 existing high mast lights.

Background

Pier 80 terminal has been subject to numerous break-ins over the past several years. Thieves have been entering the facility and taking what ever they can and have caused many electrical/mechanical equipment breakdowns. Poorly lighted areas are contributing to security risks. All of the light fixtures along Sheds A and D are inefficient, lack adequate controls and have passed their expected life.

Project Description

The Department of Public Works ("DPW") Bureau of Engineering has completed design drawings and specifications for the security lighting at Pier 80. Pursuant to the design scope, this project will replace the existing light fixtures along the aprons of Sheds A and D with new energy efficient 175W metal halide HID (High Intensity Discharge) light fixtures, install high mast (80' high) luminaires with (5) 1,000W metal halide HID lamps

This Print Covers Calendar Item No. 7C

in the west side open areas of Sheds A and D and refurbish the 7 existing high mast lights with new light fixtures. The new lighting layout will provide 5 foot candle lighting level meeting IEEE (Institute of Electrical and Electronics Engineers) requirements. New lighting control will manage lighting at two levels - security level and working level. To maintain security lighting, 30% of light fixtures will be turned on automatically at dusk and turned off at dawn. During Pier 80 operations, the lighting level will be controlled by manual switches to meet individual work requirements. This will create most efficient use of lighting without waste.

Bids will be advertised to reach contractors through the following methods:

- Human Rights Commission list of contractors
- Human Resources Outreach list of contractors
- Port Internet
- City and County of San Francisco purchasing internet
- Plan Rooms (Builders Exchange, Contractors Information Network, etc.) 18 total
- Newspapers (SF Examiner, SF Chronicle and Small Business Exchange)

In the solicitation of bids for this project, Port staff will follow San Francisco Human Rights Commission (HRC) bidding procedures and requirements. The Human Rights Commission has reviewed the project scope and recommended a 13.5% subcontracting goal for Local Business Enterprises (LBE) in the solicitation of bids.

Funding

The total estimated construction cost for this project is \$1,220,000 which includes a 10% contingency.

Title	Amount
Engineer's Estimate	\$1,110,000
10% Project Contingency	\$110,000
Total	\$ 1,220,000

The project estimated cost, and contingency is fully funded by Proposition 1B Grant Funds. The Port Commission authorized the Executive Director or her designee by staff Resolution No. 08-06 to apply for, accept and expend \$3,660,000 in Proposition 1B Grant Funds from the California Office of Homeland Security for security improvements at the Port of San Francisco.

Schedule

The project construction is scheduled to start in October, 2009 and the anticipated completion date is March, 2010.

The following is the anticipated project schedule:

Commission Approval to Advertise	July 14, 2009
Advertise for Bid	July 17, 2009
Bids Due	July 31, 2009
Award of Contract	September, 2009
Notice to Proceed	October, 2009
Final Completion	March, 2010

Summary

Port staff is prepared to seek competitive bids for this project. Therefore, Port staff request Port Commission authorization to advertise for competitive bids for Contract No. 2735 Security Lighting at Pier 80.

Prepared by: Mabal S. Bhat
Senior Electrical Engineer

James J. Lee
Electrical engineer

For: Edward F. Byrne
Chief Harbor Engineer

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-36

- WHEREAS, Port staff seek authorization to obtain competitive bids for Contract No. 2735, Security Lighting at Pier 80; and
- WHEREAS, The construction contract will provide for installation of new 175W metal halide HID light fixtures along the waterside of Pier 80 Sheds A and D and 80 feet high mast light fixtures in West side open area of Shed A; and
- WHEREAS, The Department of Public Works ("DPW") Bureau Of Engineering has completed design drawings and specifications for the security lighting at Pier 80; and
- WHEREAS, The current engineering construction cost estimate for this project is \$1,110,000, with a 10% contingency of \$110,000 for a total of \$1,220,000; and
- WHEREAS, The project cost and 10% contingency is fully funded by Proposition 1B Grant Funds from the California Office of Homeland Security for security improvements at the Port of San Francisco; and
- WHEREAS, In the solicitation of bids for this project, Port staff will incorporate the 20% subcontracting goal for Local Business Enterprises (LBEs) as recommended by the Human Rights Commission (HRC); now, therefore be it
- RESOLVED, That the San Francisco Port Commission hereby authorizes Port staff to advertise for and accept competitive bids for Contract No. 2735 Security Lighting at Pier 80.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of July 14, 2009.

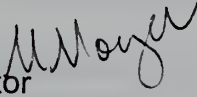
Secretary



MEMORANDUM

July 9, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer 
Executive Director

SUBJECT: Request to Award Master Contract to URS/AGS Joint Venture for As-Needed Engineering and Related Professional Services in an amount not to exceed \$1.5 million

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

INTRODUCTION

The Port Commission, at its meeting on March 10, 2009, adopted Resolution No. 09-16, authorizing staff to issue a Request for Qualifications (RFQ) for As-Needed Engineering and Related Professional Services. The Request for Qualifications (RFQ) solicited responses from qualified firms to enter into three master agreements (contracts) for as-needed professional services over a three-year period at an amount not to exceed \$1.5 million each. Under the terms of the proposed contract, there is no guarantee that the Port will authorize work for the entire "not-to-exceed" contract amount. Services procured by these contracts are subject to funding availability, staffing availability and competitive proposals.

At the May 26, 2009 Port Commission meeting, the Commission authorized the Executive Director to enter into contracts with two of the three highest-ranked firms who responded to the Request for Proposal (RFP) solicitation process. This proposed contract with URS/AGS Joint Venture is the last contract resulting from the recent RFP process for recommended contract award.

As stated in the May 26, 2009 Port Commission staff report on this matter, URS/AGS Joint Venture was ranked number one from the RFP process. However, the negotiations could not be successfully concluded in order to meet the May 26, 2009 meeting.

This Print Covers Calendar Item No. 7D

The proposed contractor, URS/AGS is a joint venture that includes a partner which is a minority owned, local business enterprise certified by the San Francisco Human Rights Commission. In addition, the firm has committed to subcontracting 20% of the contract work to Local Business Enterprises (LBEs).

This staff report provides the background, scope of work, selection process, funding and resolution summary.

BACKGROUND

Staff secured the requisite Civil Service Commission approval at its March 2, 2009 regularly scheduled meeting with the support of IFPTE Local 21. The Request for Qualifications was advertised on March 13, 2009. Port staff will continue to budget and utilize City staff from other departments through Interdepartmental Work Orders in instances where requisite city staff are available to perform work prior to soliciting outside consultants to perform work under these contracts.

Section 6.64 of the San Francisco Administrative Code allows the department head to execute public work and construction-related professional service contracts on an as-needed basis which shall be assigned as contract service orders. However, such contract service orders can only be issued for three years after the date of award (for the Master Agreements). No contract service order or multiple contract service orders for any single public work, whether in one phase or multiple phases, shall cumulatively exceed \$200,000, including all modifications. A department head may issue or modify any contract service order(s) to exceed the foregoing limits only upon the department head's written determination establishing the urgency of the work and the justification for proceeding under Section 6.64 rather than by formal competitive process.

The Administrative Code provides authority directly to the Department Head to issue CSOs in excess of \$200,000 upon a determination of urgency and justification, without additional approval from the Commission. However, it has been the Port's practice to obtain Commission approval for CSOs for any single public work that exceed \$200,000. There are times when due to unforeseen conditions or to preserve funding such as grants or to meet bond obligations, schedules are best not interrupted for the time that it takes to secure official Port Commission approval to exceed the \$200,000 limit as specified in the San Francisco Administrative Code. Examples where CSOs have exceeded \$200,000 for a single project include the Pier 52 Boat Launch, Illinois Street Bridge and Pier 45 Drainage projects. As such, in the proposed resolution, staff seeks Commission approval to alter prior practice by allowing the Executive Director (as department head) to authorize contract service orders for any single project in the amount of \$500,000 without further Port Commission approval, provided that the project meets the requirements of Section 6.64 of the San Francisco Administrative Code to establish urgency and justification for doing so. Increasing the as-needed service value requiring Port Commission approval is beneficial in many ways: it alleviates the burden on the Port Commission calendar, saves staff time used developing and presenting Commission resolutions and expedites project delivery while still meeting all requirements of the City's Administrative Code.

Assignment/Scope of Work:

As indicated in the resolution authorizing advertisement of the RFQ, due to the nature of as-needed services, it is not feasible to define a specific scope of work in advance. Instead, the RFQ provided descriptions of CSOs issued under the existing as-needed contracts and a list of the types of professional disciplines and work likely to be needed. The specific scopes of work will vary with differing project needs. The type of project activities and facility work anticipated under this contract includes (but is not limited to) dredging, bridges, harbors, piling (marine and land based), seawalls/wharfs, general utilities, security enhancements, renovation design work, etc. In addition to design related work, consultants may also be requested to provide services related to engineering cost estimates, specification preparation, peer reviews and second opinions. Port Project Managers/Coordinators within the Engineering, Real Estate, Planning & Development and Maritime divisions will prepare a description of work required (Specific Statement of Work) and estimated budget before informal Requests for Proposals (RFP) are issued to the approved pre-qualified list of teams.

The informal RFP will require submittal of a fee proposal from one or all of the as-needed consulting firms. Project staff will be responsible for assuring that the proposed fees reflect a reasonable level of effort in terms of labor resources and any reimbursables, if applicable. Billing rates for various anticipated classifications for the multi-disciplinary team have been negotiated on a fixed basis for the duration of the three-year contract. The Port's Contract Manager will oversee contract administration and assist in facilitating periodic audits of CSOs and invoices.

After negotiating a reasonable fee, staff will issue a Contract Service Order (CSO) to the selected firm whose proposal represents the best value and qualifications for the specific project. After the CSO has been certified as to funds, a notice to proceed will be issued to commence work under the Port Project Manager/Engineer/Coordinator's oversight.

All as-needed Master Agreements include the following language with regards to change orders or modifications to Contract Service Orders:

Fee increases and time extensions may be considered only if change orders require a major design or specification change based upon the following change order conditions and subject to the Port's written approval by way of a written CSO amendment:

- *Owner initiated major changes in scope (this does not include technological or best practice changes that should be incorporated into the design by the design team to produce a more cost effective, efficiently constructed and esthetically desirable design within the construction budget); or*
- *Unforeseen Conditions; or*
- *New regulatory, legal or administrative requirements subsequently imposed (after the project is bid; resulting in design changes that the consultant reasonably would not have known about.) The consultant is responsible for assuring that its design and specifications meet all known legal, regulatory and administrative requirements*

at bid time or otherwise reasonably could have been known to become applicable to the project at a future date.

This contract language is used by the Port's Project Manager/Engineer to manage CSO and project budgets for consultant CSO's.

Selection Process:

The Port advertised the RFQ on March 13, 2009 with a Local Business Enterprise (LBE) goal of 20% as determined by the Port's HRC Contract Compliance Officer. A pre-submittal meeting was held on March 25, 2009. Some 45 firms were represented at the pre-submittal meeting.

The following six (6) consultant teams responded to the RFQ and were deemed responsive (identified in alphabetical order):

1. Creegan + D'Angelo/FE Jordan JV
2. Holmes Culley/Tennabaum JV
3. KPFF Consulting Engineers
4. Moffatt & Nichol
5. URS/AGS Joint Venture
6. Winzler and Kelley/Structural Design Engineers Joint Venture

A four-member selection committee composed of two Port staff members and staff members from the San Francisco Public Utilities Commission reviewed submittals. The paper screening (written submittal) and interview phases of the selection process were evaluated using the following criteria: 1) Technical Approach; 2) Relevant Team Experience; 3) Staff Qualifications and 4) Team Organization. The written submittal phase represented 60% of the total score and the interview represented 40% of the total score. The heavier weight on the written phase is due to the need to hire teams with sufficient writing ability in managing the Port's projects.

To expedite the selection process within the advertised schedule, all six (6) teams were invited for interview. Staff convened interviews on April 24, 2009 during which consultant teams responded to a series of questions and made a presentation of their qualifications. A summary of the raw scores for both phases of the evaluation process, as well as the raw combined total scores is attached as Exhibit 1. These scores do not include the additional points that are added due to firms joint venturing with Local Business Enterprises (LBEs). Since KPFF Consulting Engineers did not joint venture with an LBE as a prime consultant, that firm did not receive the benefit of additional points that each of the three top ranked teams received. The final scores with HRC bonus rating points are reflected in the San Francisco Human Rights Commission Memorandum included as Exhibit 2 to this staff report. In addition, the HRC has provided a list of the recommended firms' LBE Subconsultant participation that includes the areas of expertise as well as LBE percentage participation.

The top three ranked firms are as follows:

1. URS/AGS Joint Venture
2. Winzler & Kelly/Structural Engineering Design Joint Venture
3. Creegan & D'Angelo/FE Jordan Joint Venture

Although the URS/AGS Joint Venture team scored as the top ranked team, staff had not been successful in negotiating reasonable billing rates for this proposed three year commitment to award a contract to URS/AGS Joint Venture as of the May 26, 2009 Port Commission meeting. As such, in accordance with the requirements of the RFQ, URS/AGS Joint Venture had until May 25, 2009 to reconsider their billing rates. The Port and the URS/AGS Joint Venture have now agreed to acceptable billing rates for this contract. Accordingly, Port staff recommends contract award to URS/AGS Joint Venture as the number one ranked firm as a result of the solicitation process.

FUNDING

Although the proposed master contract has a not-to-exceed dollar amount of \$1,500,000 over three years, each Contract Service Order issued will be based upon available funding as appropriated for the required work and the maximum dollar threshold limits authorized by the Port Commission. It is anticipated that CSOs will be funded through both operating and capital budgets.

SUMMARY

Port staff recommends that the Port Commission adopt the attached proposed resolution which provides:

1. Authorization to enter into a Master Agreement (contract) with URS/AGS Joint Venture for As-Needed Engineering and Related Professional Services, with a term of three years and the option to extend the contract term for one additional year;
2. Authorization to award the recommended contract in an amount not to exceed \$1,500,000; and
3. Approval of the Executive Director to issue Contract Service Orders (CSOs) without further Port Commission approval in amounts that shall not exceed \$500,000 singularly or cumulatively for any single public works project.

Prepared by: Norma Nelson, Contract
Manager/Contract Administrator

For: Tina Olson, Deputy Director
Finance & Administration
Ed Byrne, Chief Harbor Engineer

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-37

- WHEREAS, On March 10, 2009, through Resolution 09-16 the Port Commission authorized Port staff to issue a Request for Qualifications (RFQ) for As-Needed Engineering and Related Professional Services; and
- WHEREAS, periodically, Port projects require essential architectural and engineering services which exceed the staff resources available within the Port and other City departments; and
- WHEREAS, Port staff have previously managed architectural and engineering consulting needs through "as-needed" contracts to augment staffing of important projects; and
- WHEREAS, following staff's issuance of the RFQ dated March 13, 2009, the Port's evaluation committee ranked firms based upon raw written submittal and interview scores; and
- WHEREAS, the San Francisco Human Rights Commission is authorized to add points to raw scores as incentives for prime consultant to joint venture with Local Business Enterprises, which resulted in URS/AGS Joint Venture as one of the highest-ranked firms; and
- WHEREAS, Port staff have successfully negotiated acceptable terms and conditions for a master contract with URS/AGS Joint Venture for as-needed engineering and related professional services; and
- WHEREAS, Port staff wish to enter into a master contract with URS/AGS Joint Venture for as-needed engineering and related professional services to provide timely and cost-effective professional services on Port projects; now, therefore, be it
- RESOLVED, that the San Francisco Port Commission hereby authorizes staff to award and enter into a master contract with URS/AGS Joint Venture in such form as approved by the City Attorney's Office; and, be it further
- RESOLVED, that the Port Commission hereby authorizes staff to execute such master contract in an amount not to exceed \$1,500,000, for a term of three (3) years, with the Port reserving the option to extend the contract term for one additional year beyond the initial term; and, be it further

RESOLVED, that the Port Commission hereby approves the Executive Director's issuance of Contract Service Orders (CSOs) under such Master Contracts pursuant to Section 6.64 of the Administrative Code provided that such CSOs under each master contract shall not cumulatively exceed \$500,000 without further Port Commission authorization.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 14, 2009.

Secretary

Exhibit 1

RFQ: As-Needed Engineering and Related Professional Services

SUMMARY OF WEIGHTED RAW SCORES (No HRC Incentive Points)

WRITTEN SCORES (Weighted @60%)			
Firm Name		Score	Rank
KPFF Consulting Engineers		53.4	1
URS/AGS JV		53.4	1
Winzler & Kelley/Structural Design Engineers JV		51.3	2
Creegan & D'Angelo/FE Jordan JV		48.9	3
Moffatt & Nichol Engineers		47.1	4
Holmes Culley/Tennabaum JV		43.8	5

INTERVIEW SCORES (Weighted at 40%)			
Firm Name		Score	Rank
KPFF Consulting Engineers		33.2	3
URS/AGS JV		36.5	1
Winzler & Kelley/Structural Design Engineers JV		34.9	2
Creegan & D'Angelo/FE Jordan JV		32.2	4
Moffatt & Nichol Engineers		30.4	6
Holmes Culley/Tennabaum JV		31.9	5

COMBINED SCORES (Written & Interview)			
Firm Name		Score	Rank
URS/AGS JV		89.9	1
KPFF Consulting Engineers		86.6	2
Winzler & Kelley/Structural Design Engineers JV		86.2	3
Creegan & D'Angelo/FE Jordan JV		81.1	4
Holmes Culley/Tennabaum JV		77.5	5
Moffatt & Nichol Engineers7		75.7	6

Please see the San Francisco Human Rights Commission Memorandum attached as
Exhibit 2 for final scores with HRC Incentive Points

Exhibit 2
MEMORANDUM

DATE: APRIL 30, 2009

TO: TINA OLSON, DEPUTY DIRECTOR, ADMINISTRATION & FINANCE, PORT OF
SAN FRANCISCO
NORMA NELSON, CONTRACT ADMINISTRATOR, PORT OF SAN
FRANCISCO
WINNIE LEE, PROJECT ENGINEER
TIM LEUNG, ADMINISTRATIVE ENGINEER
ED BYRNE, CHIEF HARBOR ENGINEER

FROM: SELORMEY DZIKUNU, CONTRACT COMPLIANCE OFFICER, HRC

SUBJECT: AS NEEDED ENGINEERING & RELATED PROFESSIONAL SERVICES
CONTRACT AWARD ELIGIBILITY

The HRC has reviewed the written proposal and interview score sheets for the above referenced RFQ. The written responses to the RFQ were the basis for the selection of all six firms for oral interviews. The proposal review score was 60% of the total score and the oral interviews accounted for 40% of the final score.

Below is a table summarizing the final rankings.

FIRM	WRITTEN PROPOSALS				ORAL INTERVIEWS				FINAL SCORE	
	SCORE	RATING BONUS	ADJ SCORE	RANK	SCORE	RATINGS BONUS	ADJ. SCORE	RANK	Score	RANK
URS/AGS JV	213.6	16.02	229.62	1 ST	145.2	10.89	156.09	1	385.71	1
WINZLER & KELLY/SDE JV	205.2	15.39	220.59	2 ND	139.6	10.47	150.07	2	370.66	2
CREEGAN +FE JORDAN J V	195.6	14.67	210.27	4 TH	128.8	9.66	138.46	3	348.73	3
KPFF CONSULTING ENGS.	213.6	0	213.6	3 RD	132.8	0	132.8	5	346.4	4
HOLMES CULLEY/ TENNEBAUM	175.2	13.14	188.34	6 TH	127.6	9.57	137.17	4	325.51	5
MOFFATT & NICHOL ENGINEERS	188.4	0	188.4	5 TH	121.6	0	121.6	6	308.0	6

All RFQ responses were responsive to HRC's 20% LBE subconsulting goal.

URS/ AGS JV, Winzler & Kelly/SDE JV, and Creegan + D'Angelo/FE Jordan JV are eligible for a 7.5% ratings bonus.

URS/ AGS JV, Winzler & Kelly/SDE JV, and Creegan + D'Angelo/FE Jordan JV are the three highest ranked firms. The HRC understands the Port will negotiate with the three highest ranked firms for contract award.

URS/ AGS JV, Winzler & Kelly/SDE JV, and Creegan + D'Angelo/FE Jordan JV have met all Chapter 14B pre-award requirements. The HRC hereby declares the URS/AGS JV, the Winzler & Kelly/SDE JV and the Creegan + D'Angelo/FE Jordan JV eligible for contract award.

A separate HRC Memo will list all the LBE firms and percentage of LBE participation commitments for each of the above listed teams.

The HRC understands that the LBE participation goal may not be met on all Contract Service Orders. However, to ensure that consistent good faith efforts are made to meet the goal, and to monitor compliance, each Contract Service Order will include a section listing the proposed LBE participation and provide an explanation if it is below the project goals. A copy of each Contract Service Order will be sent to the HRC.

Please notify me when contract negotiations are concluded. In the meantime, if you have questions, or if I can be of any further assistance, please do not hesitate to contact me at 274-0511.

**As -Needed Engineering and Related Professional Services:
LBE SUBCONSULTANT PARTICIPATION**

LBE Subconconsultants	Service	Participation
Ajmani & Pamidi, Inc.	Fire Protection	2%
Barcelon & Jang	LEED Cert & Standards/Green Bldg/ADA Design	1%
Carey & Co	Historic Preservation Arch./ADA Design	2%
FW Associates	Building Electrical Engineering	2%
HRA Consulting Engineers	Building Electrical Engineering	1%
M. Lee Corporation	Cost Estimating	1%
Meridian Surveying Engrs. Inc.	Topographic and Bathymetric Survey	1%
MHC Engineers, Inc.	Mechanical Engineering	2%
North Tower Environmental, Inc.	Environmental Hazwaste	1%
Pacific Eng. & Consult. Inc.	Field Investigation/Const. Support	1%
Structus, Inc.	Structural and Marine Engineering	2%
Telamon Eng. Consult Inc.	Civil Engineering	2%
Underwater Resources	Underwater Inspection/Dredging Inspection	2%
TOTAL		20%



MEMORANDUM

July 9, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Ann Lazarus
Hon. Michael Hardeman

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Annual Contracting Activity Report – Fiscal Year 2008/09;
4th Quarter Period April 1, 2009 through June 30, 2009

DIRECTOR'S RECOMMENDATION: Informational Item – No Action Required

INTRODUCTION

The purpose of this report is to provide regular reporting of the Port's contracting activities as legally required by the City and County of San Francisco through its Administrative Code or based upon policies and practices adopted by the San Francisco Port Commission. Background information on these requirements is provided at the end of this report as Exhibit 1.

This report includes a summary of: 1) 4th Quarter Period for Fiscal Year 2008-09 contracting activities and Local 21 staffing changes; 2) annual statistical data, 3) as-needed contracting three year data; and 4) projected upcoming contracting activities.

SUMMARY

Based upon Port historical procurement volume, the 2008/09 Fiscal Year has been a very busy year for contracting. Formally procured contracts awarded this fiscal year include the following:

- Brannan Street Wharf Project Engineering Design
- Youth Employment Program – Environmental Maintenance of Port Infrastructure
- Financial Advisory Services
- Pier 70 Brownsfield Environmental

This Print Covers Calendar Item No. 7E

- Elevator/Escalator Maintenance
- As-Needed Engineering Services
- Coastal Engineering Services for Mission Bay Bayfront Park Shoreline Protection

In addition to the above, the Port has embarked upon other projects of significance to the Port using the as-needed contracts. These projects include:

- Pier 43.5 Detailed Condition Survey and Conceptual Plan
- Pier 45 Drainage Improvements
- Access Control System Programming
- CCTV System Programming
- Pier 35 Fire Alarm Upgrades
- Pier 1 Server Emergency Power Lighting Upgrade
- Army Corp of Engineers and Regional Water Quality Control Board permitting support consulting services for the Brannan Street Wharf Project
- Maritime Cargo and Land Use Study
- Pier 50 Valley Substructure Repair Project
- Consulting Services to assist with SWL 351 Development Evaluation
- Pier 35 Superstructure Shed Structural Evaluation
- Piers 68 & 70 Utility Mapping/BAE Electrical Separation

Considering all of the above contracting activities, the Port achieved local business enterprise subcontracting participation of 26.89%; exceeding its goal of 20%.

I. 4th Quarter, FY 2008/09 Contracting/Local 21 Activities:

New As-Needed Engineering & Related Services Contracts Awarded - 4TH Quarter

Blanket Master Agreements for Engineering & Related Services	Amount Awarded	LBE Amount	LBE %
As-Needed Professional Services -	\$3,000,000	\$600,000	20%
TOTAL	\$1,500,000	\$300,000	20%
• Creegan & D'Angelo/FE Jordan JV	\$1,500,000	\$300,000	20%
• Winzler & Kelly/SDE Engineers			

The Port of San Francisco has met the 20% Disadvantaged/Local Business Enterprise (D/LBE) participation goal for as-needed contracts with the participation level at 69.07% for this quarter. Most of this D/LBE participation represented environmental professional services. One single Contract Service Order (CSO) was issued to URS/Avila Joint Venture for Brannan Street Wharf CEQA and Permitting Support. This CSO alone included 87% LBE participation out of a total of five (5) CSOs issued during this reporting period.

This decline in CSO (five CSO transactions) usage is due primarily to the fact that no new CSOs under the Port's as-needed contracts could be issued after April 10, 2009 pursuant to the San Francisco Administrative Code requirements. The first two quarters

of the fiscal year resulted in 11 CSO transactions and the average for the prior year was 17 per quarter. Additional details are provided in Exhibit 2 to this report.

Local 21 Staffing Activity for Fiscal Year 2008/09 4th Quarter, 4/1/09 – 6/30/09

Class/Title	Activities
1053 IS Business Analyst-Senior	(Vacancy due to release of PCS employee) - a new PCS appointment made eff. 6/24/09 from the Registry.
1652 Sr. Accountant	(Vacancy due to retirement) - Backfill of the position on hold pending budget review.
5382 Design Trainee III	(As needed position in Engineering Division) – temporary exempt appointment made eff. 6/15/09.
9395 Property Manager	(Vacancy due to retirement) – PCS appointment made eff. 6/1/09 from eligible list.

II. Annual Report Contracting Activity

The following tables summarize the Port's Annual Contracting Activity for FY 08/09.

Type of Contract	Amount Awarded	LBE Amount	LBE %
As-Needed Professional Services (Master Contracts – Total of 33 CSOs issued)	\$ 1,530,844	\$ 437,884	28.6%
General Services (Contracts Only)	\$ 99,600	\$ 99,600	100%
Professional Services	\$ 2,194,982	\$ 503,114	22.92%
Construction Services	\$ 185,000	\$ 37,850	20.46%
Totals	\$ 4,010,426	\$1,078,448	26.89%

Contracting Activities that were exempt from D/LBE participation for FY 08/09

TYPE OF LBE EXEMPT CONTRACT	Contract Amount	D/L/SBE Amount	D/L/SBE * %
Administrative Code	\$ 81,284	0	0
Federal Contracts	\$1,422,702	\$453,790	31.8%
Sole Source Contracts	\$3,809,754**	\$ 4,725	.12%
HRC Waiver	\$ 800,000	0	0
Totals	\$6,113,740	\$458,515	7.5%

*SBE = federal small business enterprise participation requirements.

**Includes Board of Supervisor's authorization to award contract for shoreside power.

III. Three year summary of as-needed contracting activities:

Overall, the Port has been quite successful in meeting its goal for Disadvantaged/Local Business Enterprise (D/LBE) participation on its contracts. Six (6) or 50% of its as-needed contracts include Disadvantaged Business Enterprise (DBE) Joint Ventures. These joint venture contracts provide for participation of local disadvantaged

businesses as prime consultants for growing small businesses as well as subconsulting opportunities for those business seeking growth opportunities.

The Port's overall D/LBE subcontracting participation has exceeded the 20% goal with a participation rate of 23.68%. (See Exhibit 4: Three Year Summary Report) The participation of D/LBE firms on Environmental As-Needed Contracts as been particularly successful at a rate of 34.05%. In spite of the challenges in securing D/LBE firms to perform marine engineering type work, the Port has met the 20% goal for engineering related as-needed contracts at 20.55% for the three year contract period.

All consultants met the 20% goal except as follows:

<u>As-needed Consultant</u>	<u>LBE Participation</u>
• Tom Eliot Fisch/Winzler & Kelly Joint Venture	17.60%
• BDI/ECS Joint Venture (Suspended)*	1.6%
• MCC2 Joint Venture (Suspended)*	0.0%
• AGS/LEE Inc. (Not Activated)	0.0%
• Bay Area Economics	6.73%

*Suspended due to lack of available work

Port staff intends to work with those firms that continue under contract to improve their participation of local businesses.

\$200,000 As-Needed Contracting Authorization

During fourth (4th) quarter of FY 2008/09, the Port Commission was not asked to approve any projects in which the use of as-needed contract services exceeded the approved \$200,000 threshold.

To date there have been a total of three (3) Contract Service Orders that have exceeded the \$200,000 threshold for Port Commission approval. These projects are as follows:

1. Pier 70 Master Plan Project increase from \$200,000 to \$500,000; and
2. Pier 45 Drainage Improvement Project increase from \$200,000 to \$250,586.
3. Pier 52 Boat Launch Project at \$230,000.

IV. Projected Contracting Activities for the Upcoming Year:

Anticipated Construction Services Contracts to be Bid through Engineering

- Pier 80 Lighting (Est. \$1.4 million)
- 401 Terry Francois ADA Accessibility Upgrades (Est. \$500,000)
- Pier 45 Drainage Improvements (Est. \$2 million)
- Pier 9 Fire Protection (Est. \$60,000)
- SFPUC Efficient Lighting (Est. \$650,000)
- FW-Joint Security Operations Center (Est. \$6.9 million)

- Pier 50 Valley Substructure (Est. \$8 million)
- Pier 33 North Bulkhead Improvements (Est. \$840,000)
- Pier 94/96 Backlands-Ground Subsidence, Storm Drainage and Seawall Repair /Pier 94/96 Backlands Improvements (Est. \$8 million)
- Amador Street Swales (Est. \$425,000)
- Hyde Street Fuel Dock Substructure Repair (Est. \$1.5 million)

Construction-related Professional Services

Description of Work	Estimated Dollar Amount	Project
As-Needed Environmental & Related Services (RFP) (3 contracts at \$1,000,000 each)	\$3,000,000	Port-wide As-Needed Services
Design for repair of existing substructure of bridge leading to Sinbad Restaurant and Agriculture building east apron repair	\$50,000	Sinbad Bridge & Ag Bldg Walkway Repair
Roof Truss End Connections Engineering	\$12,000	Pier 35
Railroad Tunnel Modification	\$200,000	Pier 80
Pier 43.5 Engineering Design (RFP)	\$600,000	Bond funded Project
Design Development for automated bilge treatment system	\$15,000	SWL 303; Hyde Street
Dredging Inspections	\$50,000	Piers
CCTV Specification Development	\$50,000	Homeland Security
Blanket CSO for Project Scoping Services	\$75,000	Engineering Support
Investigate and design cost estimate for repairs	\$5,000	Pier 80 Shed A Walls
Design Services for Aprons 19, 26, 28 and 33 (separate projects)	\$400,000	Portwide Apron Repair
Seismic Upgrade and Fender Installation	\$50,000	Hyde Street Fuel Dock Substructure Repair
TOTAL ESTIMATED AMOUNT	\$4,507,000	

Real Estate and Related Consulting Services (None Anticipated)

RECOMMENDATION

The attached report is submitted to meet the requirements stated in the report Background. In closing, staff requests the Port Commission's acceptance of this report.

Prepared by: Norma Nelson, Contract Administrator
For: Tina Olson, Director of Finance & Administration

cc: Clerk, Board of Supervisors
Local 21, IFPTE Representative Ging Louie
Department of Public Works, Peg Divine
Human Rights Commission, Selormey Dzikunu

Exhibits:

1. Report Background
2. FY 2008/09 4th Quarter As-Needed Contracting Activity Report
3. FY 2008/09 Annual Contracting Report including 4th quarter results
4. Three Year Summary of DBE Participation (As-Needed Contracts)

EXHIBIT 1

BACKGROUND

The purpose of this report is to comply with legal and policy mandates for the City and County of San Francisco and Port Commission. These legal and policy requirements are primarily based upon the following:

1. "As-Needed" contracting requirements as promulgated by Section 6.64 of the San Francisco Administrative Code, Port Commission Resolution 03-50 and a Letter of Agreement with Local 21 International Federation of Professional and Technical Employees Association (IFPTE). (Effective April 2005, a \$200,000 limit was imposed via City ordinance for use of as-needed contract services per each single public works project; not including general planning or non-construction related professional services such as real estate economics as-needed contracts.)
2. Local 21 Union for the IFPTE and the City and County of San Francisco Department of Public Works requested that the Port include the following additional information in the subject quarterly reports, as it applies to the use of as-needed professional service contracts:
 - Contracting activity for the current reporting period
 - Anticipated contracting activity for the upcoming quarter
 - Estimated staffing numbers and projects related to the as-needed contract services.
3. San Francisco Administrative Code Section 14(b) requires all departments and contract awarding authorities to report to the Mayor on their progress in the preceding fiscal year toward the achievement of the LBE goals and their steps to ensure non-discrimination against MBEs (Minority Business Enterprises), WBEs (Women Business Enterprises) and OBEs (Local businesses other than MBE or WBE).

The Port of San Francisco has been assigned by the San Francisco Human Rights Commission (HRC) an overall Disadvantaged Business Enterprise (DBE) or Local Business Enterprise (LBE) subcontracting participation goal of 20%. This means that 20% of all of contracted work procured by the Port of San Francisco must be awarded to Local Business Enterprises or the contractor must have demonstrated a good faith effort to do so.

In the award of leases, franchises, concessions, and other contracts not subject to the discount provisions of Administrative Code Section 14(b), contract awarding authorities such as the Port shall utilize the good faith efforts steps to maximize opportunities to for LBE participation, as deemed practicable to do so. At the minimum, contract awarding authorities should notify LBEs that are certified to perform the work contemplated in a contract and solicit their interest in the contract. These good faith effort steps are described in each solicitation for a

Port lease, franchise, concession and other contracts such as development agreements.

Definitions

1. *As-needed Professional Service Contracts* include professional service contracts procured on a request for qualifications basis to establish a pool of Master Agreements in which work is contracted under task orders or Contract Service Orders (CSOs), as needed to complete work required on an immediate basis that can not otherwise be performed by existing City and County of San Francisco staff. The Port has twelve as-needed contracts that have a total authorized contracting capacity of \$8,150,000.
2. *Professional Service Contracts* procured through a *formal* contracting process
-contracts valued greater than \$29,000
3. *Professional Service Contracts* procured through an *informal* contracting process
- contracts valued at less than \$29,000
4. *Construction Service Contracts*
-public works/construction contract means a contract for the erection, construction, renovation, alteration, improvement, demolition, excavation, installation, or repair of any public building, structure, infrastructure, bridge, road, street, park, dam, tunnel, utility or similar public facility that is performed by or for the City
4. *Information Technology Contracts*
- acquisition of computer hardware, software, peripherals and appropriate network, consulting, maintenance, training and support services, as well as any successor contracts
5. *General Services Contracts*
- an agreement for those services that are not professional services. Examples of "general services" include: janitorial, security guard, pest control, parking lot attendants and landscaping services

Other Contracting Activity

In addition to the above contracting activity, the Port has been engaged in number of leasing evaluations, renewals, and new leases. The Real Estate Division reports that all leases are conducted on a first come, first serve basis. There is no tracking by ethnicity, gender nor location of corporate headquarters for the tenants granted leases on Port property. However, the majority of the lease transactions are with local small businesses.

The Maritime Division contract for shoreside power equipment at Piers 27 and 29 has been approved by the Board of Supervisors as a sole source contract to a firm based in Seattle, Washington as selected by the primary end user, Princess Cruise Lines, Ltd. Princess Cruise Lines, Ltd is a co-applicant with the Port for the project funding. In addition, Port staff presented a report to the Port Commission at its May 13, 2008 meeting "regarding options for a Request for Proposals for Concrete and/or Asphalt Batching Plant at Seawall Lot 352 with a Bulk Maritime Terminal at Pier 94". At its May 27, 2008 meeting, the Port Commission authorized staff to issue a RFP (not yet issued) extending the opportunity for the lease and operation of a Concrete and/or Asphalt Batching Plant at Seawall Lot 352 with a Bulk Maritime Terminal at Pier 94.

Development contracting transactions are highly specialized and market driven by the private investment entities pursuing such projects on Port property. However, the Port still adheres to the Port's policy of encouraging participation of all local small businesses on its development projects without regards to race or gender. The Port has been engaged in two development projects that include the Piers 27-31 Mixed Use Recreation project and the Seawall Lot 337 project. It is anticipated that a Seawall Lot 351 RFP will be issued during the first quarter of FY 08/09. In all instances, the Port includes the following statement:

"V. OTHER PROJECT REQUIREMENTS

A. Equal Opportunity

The Port Commission encourages the participation of disadvantaged local business enterprises in this RFP opportunity. The selected Respondent will be encouraged to consult with the City's Human Rights Commission to determine appropriate methods for promoting participation by disadvantaged business enterprises in this opportunity. The City's list of certified Local Business Enterprises may be accessed through the following URL: (http://sfgov.org/site/uploadedfiles/sfhumanrights/directory/vlist_1.htm)."

Steps to Assure Non-Discrimination against MBEs, WBEs and OBEs

To assure that MBEs, WBEs and OBEs are not discriminated against in Port contracting opportunities, the Port has implemented the following standard procedures:

- Request information from the San Francisco Human Rights Commission as to the availability of MBEs, WBEs and OBEs certified as offering services required on Port projects. Such information includes availability statistics in percentages for MBEs, WBEs and OBEs. In addition, the Port has requested the MS Excel database of such certified firms to assure inclusion as project opportunities become available.
- Availability statistics in percentages are included in advertising for all formally procured contracts.
- Outreach through Minority, Women and Local media
- Direct mailing, faxing and e-mailing of procurement opportunity notices
- Identifying set-aside opportunities exclusively for Micro-LBE firms
- Working with Port staff to eliminate barriers to MBEs, WBEs and OBEs gaining access to Port contracting opportunities. Such barriers include qualifications based upon prior knowledge/experience on the project or past work with existing consultants.
- Hold prime consultants accountable for actions that impede the success of MBE, WBE and OBE firm's success on contracts such as the withholding of essential information required to perform subcontracted work by notifying the San Francisco Human Rights Commission to perform investigations, when deemed appropriate.

FY 2008/09 4th QUARTER AS-NEEDED CONTRACTING ACTIVITY REPORT

AS-NEEDED CONTRACTS	CSO#	CSO Description	CSO Amt	DBE Amt	DBE %
Architectural & Engineering					
Creegan + D'Angelo	-	No Activity			
Tom Eliot Fisch/Winzler & Kelly JV	-	No Activity			
Subtotal - A&E Services					-
Environmental					
Treadwell & Rollo/Hydroconsult JV	TH-04	Site Assessment of Pier 90	\$ 29,167	\$ 24,808	85.06%
Subtotal Treadwell & Rollo	1		\$ 29,167	\$ 24,808	85.06%
Weiss Associates	WA-07	UST Soil /Groundwater Investigations	23,672	1,113	4.70%
	WA-07	UST Boring Repair (CSO Mod)	5,388	2,900	53.82%
Subtotal Weiss Associates	2		\$ 29,060	\$ 1,113	3.83%
URS Corp/Avila & Associates JV	URS-07	CEQA & Permitting Brannan Street	\$ 171,309	\$ 148,894	86.92%
Subtotal Weiss Associates	1		\$ 171,309	\$ 148,894	86.92%
Subtotal Environmental	4		\$ 229,536	\$ 174,815	76.16%
Construction Support Services					
BDI/ECS JV		No Activity			
Maritime Construction Coalition JV		No Activity			
Subtotal - CS Services	0				
TOTAL CONSTRUCTION-RELATED					
Real Estate Economics & Related					
Bay Area Economics		No Activity			
CBRE Consulting, Inc.	CBRE-03	Maritime Cargo & Industrial Land Use			
Economic & Planning Systems, Inc.		Study Update	\$ 23,573	\$ -	0.00%
Keyser Marston Associates		No Activity			
Subtotal - Real Estate Economics	1	No Activity			-
TOTAL AS-NEEDED CSOs	5		\$ 253,109	\$ 174,815	69.07%

NEW AS-NEEDED CONTRACTS	\$1,500,000 each	FY 2008/09 4th Qtr		
		CSO Amt	LBE Amt	LBE %
Engineering & Related Services				
Creegan + D'Angelo/Fe Jordan JV		\$75,000.00	\$15,000.00	20.00%
Winzler & Kelly/SDE JV		\$0.00	\$0.00	0.00%
Total As-Needed Eng Services		\$75,000.00	\$15,000.00	20.00%

Exhibit 2

AS-NEEDED CONTRACTS	FY 08/09 1st Qtr		FY 08/09 2nd Qtr		FY 08/09 3rd Qtr		FY 08/09 4th Qtr		FY 08/09 TOTALS	
	CSO Amount	DBE Amount DBE %	CSO Amount	DBE Amount DBE %	CSO Amount	DBE Amount DBE %	CSO Amount	DBE Amount DBE %	CSO Amount	DBE Amount DBE %
Architectural & Engineering										
Greggan + D'Angelo	\$ 46,961	\$ 8,707 18.54%	\$ 19,458	\$ 11,348 58.31%	\$ 25,178	\$ 8,551 28.02%	\$ -	\$ - 0.00%	\$ 91,597	\$ 26,604 29.04%
Tom Eliot Fisch/Windler & Kelly JV	\$ 270,101	\$ 52,000 19.59%	\$ 235,214	\$ 32,259 13.71%	\$ 288,801	\$ 61,764 21.36%	\$ -	\$ - 0.00%	\$ 794,118	\$ 146,923 18.50%
Total A/E Services	\$ 317,063	\$ 81,607 19.43%	\$ 254,871	\$ 43,605 17.12%	\$ 313,979	\$ 68,315 21.76%	\$ -	\$ - 0.00%	\$ 885,713	\$ 173,527 19.59%
Environmental										
Treadwell & Roloff/Hydroconsult JV	\$ 121,633	\$ 22,893 18.82%	\$ 43,475	\$ 8,607 15.20%	\$ 43,475	\$ 8,607 15.20%	\$ 29,167	\$ 24,808 85.05%	\$ 72,642	\$ 31,415 43.25%
Weiss Associates	\$ 121,633	\$ 22,893 18.82%	\$ 51,707	\$ 35,082 67.85%	\$ 133,757	\$ 19,448 14.54%	\$ 171,309	\$ 148,884 86.92%	\$ 202,400	\$ 59,088 29.19%
URS Corp/Avila & Associates JV	\$ 121,633	\$ 22,893 18.82%	\$ 228,939	\$ 81,137 26.70%	\$ 228,939	\$ 81,137 26.70%	\$ 228,939	\$ 174,815 76.16%	\$ 171,309	\$ 148,884 86.92%
Total Environmental Services	\$ 438,696	\$ 84,500 19.26%	\$ 483,811	\$ 104,742 21.66%	\$ 313,979	\$ 68,315 21.76%	\$ 229,536	\$ 174,815 76.16%	\$ 446,351	\$ 239,397 53.63%
TOTAL CONSTRUCTION-RELATED										
Real Estate										
Bay Area Economics	\$ 75,245	\$ - 0.00%	\$ -	\$ - 0.00%	\$ -	\$ - 0.00%	\$ 23,573	\$ - 0.00%	\$ 98,818	\$ - 0.00%
CBRE Consulting, Inc.	\$ 75,245	\$ - 0.00%	\$ 99,962	\$ 24,960 24.97%	\$ -	\$ - 0.00%	\$ 23,573	\$ - 0.00%	\$ 99,962	\$ 24,960 24.97%
Economic & Planning Systems, Inc.	\$ 75,245	\$ - 0.00%	\$ 99,962	\$ 24,960 24.97%	\$ -	\$ - 0.00%	\$ 23,573	\$ - 0.00%	\$ 99,962	\$ 24,960 24.97%
Kaiser/Martinez Associates	\$ 75,245	\$ - 0.00%	\$ 99,962	\$ 24,960 24.97%	\$ -	\$ - 0.00%	\$ 23,573	\$ - 0.00%	\$ 99,962	\$ 24,960 24.97%
Total Real Estate	\$ 75,245	\$ - 0.00%	\$ 99,962	\$ 24,960 24.97%	\$ -	\$ - 0.00%	\$ 23,573	\$ - 0.00%	\$ 99,962	\$ 24,960 24.97%
Construction Support Svcs										
BO/IECS JV	\$ 513,941	\$ 84,500 16.44%	\$ 306,378	\$ 78,587 25.88%	\$ 313,979	\$ 68,315 21.76%	\$ 253,108.50	\$ 174,814.60 69.07%	\$ 1,530,844	\$ 437,884 28.60%
Maritime Construction Coalition JV										
Total Construction Support	\$ 513,941	\$ 84,500 16.44%	\$ 306,378	\$ 78,587 25.88%	\$ 313,979	\$ 68,315 21.76%	\$ 253,108.50	\$ 174,814.60 69.07%	\$ 1,530,844	\$ 437,884 28.60%
AS-NEEDED TOTAL										
	\$ 513,941	\$ 84,500 16.44%	\$ 306,378	\$ 78,587 25.88%	\$ 313,979	\$ 68,315 21.76%	\$ 253,108.50	\$ 174,814.60 69.07%	\$ 1,530,844	\$ 437,884 28.60%

NOT AS-NEEDED CONTRACTS	FY 08/09 1st Qtr		FY 08/09 2nd Qtr		FY 08/09 3rd Qtr		FY 08/09 4th Qtr		FY 08/09 TOTALS	
	Contract Amt	LBE Amount LBE %	Contract Amt	LBE Amount LBE %	Contract Amt	LBE Amount LBE %	Contract Amt	LBE Amount LBE %	Contract Amt	LBE Amount LBE %
Construction										
Account Elevator	\$ 7,000	\$ 7,000 100.00%	\$ 7,000	\$ 7,000 100.00%	\$ 7,000	\$ 7,000 100.00%	\$ 7,000	\$ 7,000 100.00%	\$ 7,000	\$ 7,000 100.00%
Security Electric Inc.	\$ 178,000	\$ 30,850 17.33%	\$ 178,000	\$ 30,850 17.33%	\$ 7,000	\$ 7,000 100.00%	\$ 178,000	\$ 30,850 17.33%	\$ 178,000	\$ 30,850 17.33%
Subtotal of Construction Contracts	\$ 185,000	\$ 37,850 20.48%	\$ 185,000	\$ 37,850 20.48%	\$ 7,000	\$ 7,000 100.00%	\$ 185,000	\$ 37,850 20.48%	\$ 185,000	\$ 37,850 20.48%
Professional Services										
Windler & Kelly/Structus JV	\$ 1,539,956	\$ 378,209 24.62%	\$ 1,539,956	\$ 378,209 24.62%	\$ 300,000	\$ 60,000 20.00%	\$ 1,539,956	\$ 378,209 24.62%	\$ 1,539,956	\$ 378,209 24.62%
Public Financial Management (PFM)	\$ 300,000	\$ 60,000 20.00%	\$ 300,000	\$ 60,000 20.00%	\$ 300,000	\$ 60,000 20.00%	\$ 300,000	\$ 60,000 20.00%	\$ 300,000	\$ 60,000 20.00%
Coast & Harbor Engineering	\$ 355,026	\$ 63,905 18.00%	\$ 355,026	\$ 63,905 18.00%	\$ 355,026	\$ 63,905 18.00%	\$ 355,026	\$ 63,905 18.00%	\$ 355,026	\$ 63,905 18.00%
Subtotal of Professional Services	\$ 2,194,882	\$ 503,114 22.92%	\$ 2,194,882	\$ 503,114 22.92%	\$ 300,000	\$ 60,000 20.00%	\$ 2,194,882	\$ 503,114 22.92%	\$ 2,194,882	\$ 503,114 22.92%
General Services										
Atch	\$ 99,600	\$ 99,600 100.00%	\$ 99,600	\$ 99,600 100.00%	\$ 99,600	\$ 99,600 100.00%	\$ 99,600	\$ 99,600 100.00%	\$ 99,600	\$ 99,600 100.00%
Subtotal of General Services	\$ 99,600	\$ 99,600 100.00%	\$ 99,600	\$ 99,600 100.00%	\$ 99,600	\$ 99,600 100.00%	\$ 99,600	\$ 99,600 100.00%	\$ 99,600	\$ 99,600 100.00%
TOTAL ALL OTHER CONTRACTS	\$ 2,478,582	\$ 640,564 25.83%	\$ 2,478,582	\$ 640,564 25.83%	\$ 2,478,582	\$ 640,564 25.83%	\$ 2,478,582	\$ 640,564 25.83%	\$ 2,478,582	\$ 640,564 25.83%

LBE PARTICIPATION EXEMPT	FY 08/09 1st Qtr		FY 08/09 2nd Qtr		FY 08/09 3rd Qtr		FY 08/09 4th Qtr		FY 08/09 TOTALS	
	Contract Amt	LBE Amount LBE %	Contract Amt	LBE Amount LBE %	Contract Amt	LBE Amount LBE %	Contract Amt	LBE Amount LBE %	Contract Amt	LBE Amount LBE %
Treadwell & Roloff (federal contract)	\$ 1,249,802	\$ 453,790 36.31%	\$ 1,249,802	\$ 453,790 36.31%	\$ 1,249,802	\$ 453,790 36.31%	\$ 1,249,802	\$ 453,790 36.31%	\$ 1,249,802	\$ 453,790 36.31%
Crusader Fence (federal contract)	\$ 172,900	\$ - 0.00%	\$ 172,900	\$ - 0.00%	\$ 172,900	\$ - 0.00%	\$ 172,900	\$ - 0.00%	\$ 172,900	\$ - 0.00%
Sabah International (Per Admin Code)	\$ 37,464	\$ - 0.00%	\$ 37,464	\$ - 0.00%	\$ 37,464	\$ - 0.00%	\$ 37,464	\$ - 0.00%	\$ 37,464	\$ - 0.00%
Lands Communications (Admin Code)	\$ 10,000	\$ - 0.00%	\$ 10,000	\$ - 0.00%	\$ 10,000	\$ - 0.00%	\$ 10,000	\$ - 0.00%	\$ 10,000	\$ - 0.00%
Nelson/Nygard (Admin Code)	\$ 9,800	\$ - 0.00%	\$ 9,800	\$ - 0.00%	\$ 9,800	\$ - 0.00%	\$ 9,800	\$ - 0.00%	\$ 9,800	\$ - 0.00%
URS Americas	\$ 10,000	\$ - 0.00%	\$ 10,000	\$ - 0.00%	\$ 10,000	\$ - 0.00%	\$ 10,000	\$ - 0.00%	\$ 10,000	\$ - 0.00%
Carmen Clark Consulting	\$ 800,000	\$ - 0.00%	\$ 800,000	\$ - 0.00%	\$ 800,000	\$ - 0.00%	\$ 800,000	\$ - 0.00%	\$ 800,000	\$ - 0.00%
San Francisco Conservation Corps	\$ 800,000	\$ - 0.00%	\$ 800,000	\$ - 0.00%	\$ 800,000	\$ - 0.00%	\$ 800,000	\$ - 0.00%	\$ 800,000	\$ - 0.00%
Total Other Exempt Contracts	\$ 1,484,186	\$ 453,790 30.58%	\$ 1,484,186	\$ 453,790 30.58%	\$ 1,484,186	\$ 453,790 30.58%	\$ 1,484,186	\$ 453,790 30.58%	\$ 1,484,186	\$ 453,790 30.58%
Sole Source Contracts										
Cochran, Inc.	\$ 31,501	\$ 4,725 15.00%	\$ 31,501	\$ 4,725 15.00%	\$ 31,501	\$ 4,725 15.00%	\$ 31,501	\$ 4,725 15.00%	\$ 31,501	\$ 4,725 15.00%
Carry & Company	\$ 46,447	\$ - 0.00%	\$ 46,447	\$ - 0.00%	\$ 46,447	\$ - 0.00%	\$ 46,447	\$ - 0.00%	\$ 46,447	\$ - 0.00%
S F Glanis	\$ 45,000	\$ - 0.00%	\$ 45,000	\$ - 0.00%	\$ 45,000	\$ - 0.00%	\$ 45,000	\$ - 0.00%	\$ 45,000	\$ - 0.00%
Art/T	\$ 80,000	\$ - 0.00%	\$ 80,000	\$ - 0.00%	\$ 80,000	\$ - 0.00%	\$ 80,000	\$ - 0.00%	\$ 80,000	\$ - 0.00%
Orsica	\$ 40,000	\$ - 0.00%	\$ 40,000	\$ - 0.00%	\$ 40,000	\$ - 0.00%	\$ 40,000	\$ - 0.00%	\$ 40,000	\$ - 0.00%
Inventus Systems Canada, Inc.	\$ 11,000	\$ - 0.00%	\$ 11,000	\$ - 0.00%	\$ 11,000	\$ - 0.00%	\$ 11,000	\$ - 0.00%	\$ 11,000	\$ - 0.00%
DLI, Autodesk Authorized Reseller	\$ 30,000	\$ - 0.00%	\$ 30,000	\$ - 0.00%	\$ 30,000	\$ - 0.00%	\$ 30,000	\$ - 0.00%	\$ 30,000	\$ - 0.00%
IBM	\$ 206,000	\$ - 0.00%	\$ 206,000	\$ - 0.00%	\$ 206,000	\$ - 0.00%	\$ 206,000	\$ - 0.00%	\$ 206,000	\$ - 0.00%
Total Sole Source Contracts	\$ 31,501	\$ 4,725 15.00%	\$ 31,501	\$ 4,725 15.00%	\$ 31,501	\$ 4,725 15.00%	\$ 31,501	\$ 4,725 15.00%	\$ 31,501	\$ 4,725 15.00%
TOTAL EXEMPT CONTRACTS	\$ 31,501	\$ 4,725 15.00%	\$ 31,501	\$ 4,725 15.00%	\$ 31,501	\$ 4,725 15.00%	\$ 31,501	\$ 4,725 15.00%	\$ 31,501	\$ 4,725 15.00%

FY 08/09 TOTALS (Exempt)		FY 08/09 TOTALS (Not-Exempt)	
Contract Amt	\$ 6,113,740	SBE Amt	\$ 458,515
		SBE %	7.50%
FY 08/09 TOTALS (Exempt)		FY 08/09 TOTALS (Not-Exempt)	
Contract Amt	\$ 34,010,428	LBE Amt	\$ 1,078,447
		LBE %	28.89%

FY 2008-09 Annual Contracting Report
Exhibit #3

THREE-YEAR SUMMARY REPORT OF AS-NEEDED CONTRACTING ACTIVITY

For the Period: July 1, 2006 through June 30, 2009

Port of San Francisco

AS-NEEDED CONTRACTS	YEAR 1 (FY 06/07)			YEAR 2 (FY 07/08)			YEAR 3 (FY 08/09)			CUMMULATIVE		
	CSO AMT	DBE \$	DBE %	CSO AMT	DBE \$	DBE %	CSO AMT	DBE \$	DBE %	CSO AMT	DBE \$	DBE %
Architectural & Engineering												
Creagan + D'Angelo	\$ 686,431	\$117,803	17.16%	\$ 543,093	\$ 164,666	30.32%	\$ 91,597	\$ 26,604	29.04%	\$ 1,321,121	\$ 309,073	23.39%
Tom Eliot Fischer/Winzler & Kelly JV	\$ 266,369	\$ 47,801	17.95%	\$ 211,590	\$ 29,115	13.76%	\$ 794,116	\$ 146,923	18.50%	\$ 1,272,075	\$ 223,839	17.60%
Subtotal - A & E Services	\$ 952,800	\$165,604	17.38%	\$ 754,683	\$ 193,781	25.68%	\$ 885,713	\$ 173,527	19.59%	\$ 2,593,196	\$ 532,912	20.55%
AWARD: \$1,500,000 EACH (\$3,000,000)												
Environmental												
Treadwell & Rollo/Hydroconsult JV	\$ 376,553	\$ 67,581	17.95%	\$ 71,547	\$ 31,568	44.12%	\$ 72,642	\$ 31,415	43.25%	\$ 520,742	\$ 130,564	25.07%
Weiss Associates	\$ 146,002	\$ 48,958	33.53%	\$ 179,782	\$ 57,881	32.20%	\$ 202,400	\$ 59,086	29.19%	\$ 528,164	\$ 165,927	31.41%
JRS Corp/Avila & Associates JV	\$ 21,477	\$ -	0.00%	\$ 220,545	\$ 52,537	23.82%	\$ 171,309	\$ 148,894	86.92%	\$ 413,331	\$ 201,431	48.73%
Subtotal Environmental	\$ 544,032	\$116,539	21.42%	\$ 471,874	\$ 141,986	30.09%	\$ 446,351	\$ 239,397	53.63%	\$ 1,462,257	\$ 497,922	34.05%
AWARD: \$650,000 EACH (\$2,000,000)												
Construction Support Services												
BD/ECS JV	\$ 115,192	\$ -	0.00%	\$ 10,000	\$ 2,000	20.00%	\$ -	\$ -	0.00%	\$ 125,192	\$ 2,000	1.60%
Maritime Construction Coalition JV	\$ 26,903	\$ -	0.00%	\$ 36,962	\$ -	0.00%	\$ -	\$ -	0.00%	\$ 62,855	\$ -	0.00%
AGS/LEE Inc JV	\$ 142,095	\$ -	0.00%	\$ 45,962	\$ 2,000	4.35%	\$ -	\$ -	0.00%	\$ 188,057	\$ 2,000	1.06%
Subtotal - CS Services	\$ 1,638,927	\$282,143	17.22%	\$ 1,272,519	\$ 337,767	26.54%	\$ 1,332,064	\$ 412,924	31.00%	\$ 4,243,510	\$ 1,032,834	24.34%
AWARD: \$650,000 EACH (\$2,000,000)												
TOTAL CONSTRUCTION-RELATED												
Real Estate Economics & Related												
Bay Area Economics	\$ 155,050	\$ -	0.00%	\$ 96,515	\$ 16,920	17.53%	\$ -	\$ -	0.00%	\$ 251,575	\$ 16,920	6.73%
CBRE Consulting Inc	\$ -	\$ -	0.00%	\$ 232,025	\$ 96,542	42.47%	\$ 98,818	\$ -	0.00%	\$ 330,843	\$ 96,542	29.79%
Economic & Planning Systems Inc	\$ 199,834	\$ 19,089	9.55%	\$ 300,000	\$ 97,990	32.65%	\$ -	\$ -	0.00%	\$ 499,834	\$ 117,079	23.42%
Keyser Marston Associates	\$ 23,423	\$ -	0.00%	\$ -	\$ -	0.00%	\$ 99,962	\$ 24,960	12.56%	\$ 123,385	\$ 24,960	20.23%
Subtotal - Real Estate Economics	\$ 378,317	\$ 19,089	5.05%	\$ 628,540	\$ 213,452	33.96%	\$ 198,780	\$ 24,960	12.56%	\$ 1,205,637	\$ 257,501	21.36%
AWARD: \$550,000 EACH (\$2,000,000)												
AS-NEEDED CSO TOTALS	\$ 2,017,244	\$301,232	14.93%	\$ 1,901,059	\$ 551,219	29.00%	\$ 1,530,844	\$ 437,884	28.60%	\$ 5,449,147	\$ 1,290,335	23.68%

Exhibit 4



MEMORANDUM

July 9, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Informational presentation on the July 2009 Draft Preferred Master Plan for Pier 70.

DIRECTOR'S RECOMMENDATION: Informational Only - No Action Required

Overview

In 2007, the Port of San Francisco commenced a public planning process to develop a Preferred Master Plan for Pier 70. The Plan area covers 65 acres along San Francisco's Central Waterfront just south of Mission Bay, bounded generally by Mariposa Street to the north, Illinois Street to the west, 22nd Street to the south and San Francisco Bay, to the east. As described below, the purpose of the Plan is to chart a course to recognize and preserve Pier 70's extraordinary collection of historic resources and invite new economic development of this brownfields site, including a generous waterfront open space network, in a manner compatible with the Port's ongoing maritime ship repair operations at Pier 70.

The planning process has been extensive, involving over 60 public workshops and community presentations to incorporate insights and comments from the City's diverse stakeholders. The Port required the assistance of consultant studies to address the complexities of adaptive reuse and infill development at Pier 70. Furthermore, the Port has benefitted from a collaborative process with sister City agencies, as well as key state and federal agencies with jurisdiction over development within Pier 70.

Port staff has made presentations to the Port Commission previously to seek public input and Commission direction on preliminary drafts of the Plan.¹ In addition, Port

This Print Covers Calendar Item No. 8A

¹ Previous Port Commission presentations: June 12, 2007 – December 16, 2007 - January 11, 2008 – April 22, 2008 - August 12, 2008

Commissioners Brandon and Shakofsky have each participated in the community workshops and have provided continued insight and guidance throughout the planning process. Port staff is now pleased to report that it has produced the Draft Pier 70 Preferred Master Plan (Plan) in complete form, incorporating information from all the consultant analyses, as well as revisions in response to public comments received.

The Port seeks to complete this phase of the planning process, to receive Port Commission and public comments this summer, in the hopes that this Plan reflects strong public consensus about Pier 70's future. Ultimately, the Port will require a private development partner to realize the goals and objectives set for Pier 70. However, prior to taking that step, it is important for the Port Commission together with the public, to have a clear blueprint, which is reflected in this Plan. The Port will hold a public workshop on the Plan on July 29, 2009. On August 11, 2009, Port staff will return to the Port Commission to collect its comments and direction on the Plan. Additionally, Port staff invites public comment through August 28, 2009. Thereafter, Port staff will report back on any Plan refinements, and seek direction from the Port Commission on next steps.

Plan Vision and Goals

The Plan is based on a Vision and set of Goals, which largely were defined from the start of the public planning process:

Vision: Create a vital and inviting mix of uses at Pier 70 that integrates historic rehabilitation, activates public open spaces, creates a new jobs center that generates revenues critical to realize public benefits, and supports a continuing ship repair industry.

The Goals establish the foundation to achieve the Vision:

- 1. Preserve the long-term viability of the 150-year old maritime ship repair industry;*
- 2. Create a Pier 70 National Register Historic District and rehabilitate its extraordinary historic resources;*
- 3. Provide sites for office, research, emerging technologies, light industry, commercial and recreational uses to expand San Francisco's economic base, and use the resulting tax and rent revenues to fund public benefits;*
- 4. Develop a thriving new district that recalls Pier 70s historic activity; accommodates ship repair operations, and invites new visitors to work, learn and play along the City's southeastern waterfront;*
- 5. Create major new shoreline open space that extends the San Francisco Bay Trail and Blue Greenway to and through Pier 70;*
- 6. Remediate environmental contamination of Pier 70 to enable public use and enjoyment of the public waterfront;*

7. *Produce a development site plan that is walkable and inviting, and fosters use of alternative, green transportation modes and practices; and*
8. *Nurture a sustainable neighborhood consistent with San Francisco's environmental policies, with special attention to carbon footprint impacts of new development and climate adaptation strategies that consider this waterfront location.*

The Plan Goals define many public needs. They reflect diverse perspectives expressed over the course of the Pier 70 public planning process. Any successful outcome will require a sensitive balance, and viable economic development opportunities that invite the private sector to work with the City to realize Pier 70's Vision. No one Goal can prevail over the rest; the Plan relies on an integrated approach where the public and policy-makers understands and accepts each element, to bring the Vision to reality.

The Plan calls for a program for the 65-acres site which:

- Continues operation of the ship repair yard on 15 acres;
- Establishes a Pier 70 National Historic District and adaptive reuse of approximately 700,000 square feet of historic buildings;
- Creates approximately 11 acres of new waterfront open space and an additional 9 acres of internal open space;
- Provides for approximately 3,000,000 square feet of new infill development compatible with the historic district; and
- Integrates environmental remediation and infrastructure to support the Plan's mix of land uses.

Plan Purpose

In addition to establishing the Vision and Goals, the Plan describes the opportunities and requirements for development to revitalize Pier 70. With strong public agreement and support, this Plan will enable the Port and City to move forward with efforts to invest major public and private capital resources at Pier 70.

The Plan was crafted not only to meet the needs within Pier 70, but was developed in the broader context of fitting in with the rest of the City, optimizing investments in public transportation, maximizing shoreline public access, and upholding public trust principles as part of new development and change. The Port has developed valuable partnerships with policy and regulatory agencies, including the San Francisco Planning Department, Municipal Transportation Agency, California State Lands Commission, The Regional Water Quality Control Board and the San Francisco Bay Conservation and Development Commission. The Port believes it is important to convey to the development sector and the public at large that the planning and land use program for Pier 70 plays an important strategic role in the economic future of San Francisco.

Plan Organization

The Plan is organized into five chapters, which are summarized below.

Chapter 1: Site History

The most significant influence on the Plan and what makes Pier 70 unique is its 150+ year history and the impact it has had on the development of the United States, its significant contribution to the war efforts and the architectural and labor history that shaped Pier 70. This rich history, reflected in many of the architectural structures at Pier 70, is the basis for the Plan goal to permanently memorialize the site's importance in a Pier 70 National Register Historic District.

Chapter 2: Ship Repair

Ship repair is what establishes Pier 70's identity. This chapter explains how this maritime industry functions, and its importance in the City's economy. As a key public trust use that is engrained as part of the Port's maritime mission, the long-term continuation of the ship repair industry is a requirement of the Plan. Any new land uses and development that take place under the Plan must make accommodations to allow the requirements of this industry. The Plan recognizes that, just as it has in the past, ship repair operations will continually evolve and respond to economic and technological changes. This is accepted as an act of historic preservation, because keeping this maritime industry at Pier 70 is what maintains the authenticity of this site, and the Central Waterfront at large.

Chapter 3: Context for Change

This chapter provides an overview and context for recent land use policies and plans adjacent to or near Pier 70, including San Francisco's Eastern Neighborhoods Plan, the Mission Bay Redevelopment Plan, the City's Economic Development Strategy and the Eastern Neighborhoods transportation program (EN TRIPS) led by the Municipal Transportation Agency. The City's new policies and capital investments that have emerged in the last 10 years establish a sound setting for the revitalization of Pier 70. In addition, this chapter provides an overview of previous Pier 70 planning efforts and the market assessment and potential appropriate uses for Pier 70, which also highlights Pier 70's extraordinary opportunities.

Chapter 4: Bringing Together the Past, the Present and the Future

This chapter presents the elements of the Plan. For each of the Plan Goals presented above, Chapter 4 presents objectives that provide further definition and direction, so that new development and improvements are sensitive to their setting and responsive to the balancing of many competing public needs. These objectives are presented below. Recognizing the delicacy of inviting new development within a Pier 70 National Register Historic District, the Plan includes a tailored preservation strategy and detailed design criteria focused on infill development, to lay ground rules that will foster positive new changes at Pier 70.

Historic Preservation Objectives

1. *Create and maintain a Pier 70 National Register Historic District, and allow new development within the District consistent with Secretary of the Interior Standards for Historic Rehabilitation.*
2. *Recognize continuation of viable ship repair and drydock operations as an act of preserving Pier 70's history, and give priority to ship yard changes that may be necessary to support the industry while maintaining the overall integrity of the historic district.*
3. *Protect the integrity of the Pier 70 Historic District by directing major new construction to open and vacant areas, or locations containing non-contributing resources.*
4. *Apply the Pier 70 Infill Development Design Criteria to ensure new construction meets Plan objectives and complies with Secretary of the Interior Standards for Historic Rehabilitation.*

Land Use Objectives

1. *Support and maintain the ship repair industry within the Pier 70 shipyard, and ensure new development and land uses are designed and operated to respect ship repair operational needs. Recognize that the continuation of ship repair industry operations is consistent with the historic preservation objectives of this Plan and the Port's public trust mission.*
2. *Invite a wide range of activities that promote public use and appreciation of the waterfront and adaptive reuse through rehabilitation of Pier 70's historic resources.*
3. *Promote a mix of uses oriented toward commercial, office, educational, retail, cultural and entertainment uses along 20th Street, to provide an active entrance to Pier 70.*
4. *Target publicly-oriented uses for the Union Iron Works Machine Shop as an anchor facility with uses that activate the 20th Street corridor to attract broad public appreciation of this Very Significant historic resource.*
5. *Allow office, biotech, research and development, light industrial and institutional uses in new construction and rehabilitated historic resources at Pier 70.*
6. *Consistent with the open space policies of this Plan, utilize imaginative design of new development to maximize the interface and enjoyment of shoreline parks and public spaces created at Pier 70.*

7. *Allow residential development opportunities on parcels along Illinois Street, if conflicts with ship repair operations and other adjacent uses can be minimized.*

Building Form and Intensity Objectives

1. *Retain strong visual and pedestrian linkages to future waterfront parks and public spaces within Pier 70.*
2. *Convey the distinctive form of the Non-Contributing slipways.*
3. *Respect traces of on-site railroad movement as part of the public space network.*
4. *Recognize the historic connection between the Building 12 complex and the slipways on the Bay.*
5. *Allow flexibility for building heights to accommodate new construction in Blocks 6-8, located away from Pier 70's historic core, to support the density of economic development allowed in this Plan.*

Character and Quality of Development Objectives

1. *Recognize and respect Pier 70 as a historic industrial landscape that documents the evolution of the ship building processes and as a modern shipyard that will evolve to support future ship repair operations.*
2. *New development must respect the unique industrial heritage of the area.*
3. *Showcase the spatial relationships of Pier 70's historic buildings and features and the waterfront, which reflect the general layout and design of the historic shipyard, by creating links between the existing ship repair operation, remnants of the past such as rail corridors and slipways, and new development and adaptive reuse.*
4. *Allow for architectural diversity that is compatible with the character of the Pier 70 historic district.*
5. *Incorporate designs that strengthen the connections between the Pier 70 historic district and adjacent Dogpatch and Potrero Hill neighborhoods.*
6. *Maintain significant view corridors to the Bay and city.*

Open Space Objectives

1. *Create public open spaces that create a sense of identity and focus for new development at Pier 70, attracts a diverse spectrum of users and is sensitive to the ship repair operations.*

2. *Develop a diverse network and program of parks, paths, roads and public spaces that connect upland areas to the waterfront; provide recreational amenities for the community; and celebrate and reveal the rich history of Pier 70.*
3. *Integrate the Bay Trail and Blue Greenway into the design of the Pier 70 open space network, which creates an inter-connected path that links public open spaces along the shoreline.*
4. *Use hardscape paving and materials to improve streets, pedestrian ways, and other public spaces that interface with historic resources to respect the historic industrial character of Pier 70 and create shoreline access wherever possible.*
5. *Limit new street trees and plantings within historic building cluster areas to respect the historic industrial character of Pier 70.*
6. *Create and improve pedestrian ways, promenades and historic pathways to provide a variety of routes through Pier 70 as an integral element of the open space network connecting the Pier 70, Mission Bay, Dogpatch, and Potrero Hill neighborhoods to the bayfront.*
7. *Create interpretation within the open spaces areas about the ship repair operations and the site and labor history.*

Transit and Site Circulation Objectives

1. *Increase public transit service by providing ferry and shuttle connections between Pier 70 and other public transit hubs.*
2. *Extend 19th Street access to ensure continued reliable maritime industrial access to the shipyard.*
3. *Extend the street grid from Potrero Hill and the Dogpatch neighborhoods into Pier 70.*
4. *Create walkable and bikeable streets.*
5. *Introduce a network of pedestrian ways integrated with new development.*
6. *Locate and manage parking facilities to promote shared use and require market-rate pricing basis, consistent with smart growth objectives.*

Chapter 5: Implementation Strategy

This Chapter presents the regulatory partners and their role to implement the Plan, the financial feasibility analysis conducted to support the Plan, including the funding tools required and an overview of the developer solicitation process considered to move the Plan into implementation.

The financial feasibility analysis assumes the Port takes advantage of the financing tools afforded by recent legislative successes including the Proposition D, San Francisco Charter Amendment, infrastructure financing district, and the Proposition A, Park General Obligation Bond funding.

Excluding the ship repair leasehold, the analysis considers the costs and revenues to a developer of Pier 70. The Port will continue to receive rent from Pier 70 at the level it does presently, about \$3 million annually. Even taking full advantage of the most accessible of the public financing tools above leaves a funding gap. Financial feasibility analysis currently projects that full build-out will generate a rate of return that falls short of that generally required to attract private development partners. This analysis projects that land lease revenues from new development, coupled with \$310 million in public financing and historic tax credits, leave a project feasibility gap estimated at \$50 million in today's dollars. The Port continues to explore means to improve the financial prospects for Pier 70 and expects that its private development partners will creatively address this gap.

Private sector partners will be critical to realizing the Plan. After public and Port Commission review of this document, Port Staff will present options for how to best choose partners for Pier 70. In particular, the Plan identifies the Union Iron Works Machine Shop for a publicly accessible use, such as a cultural activity venue, market hall, or institutional use and the Port will seek an appropriate partner to realize this vision.

Acknowledgements

The Pier 70 Plan is the culmination of the most in-depth analysis for Pier 70, which built upon the lessons and inspirations of previous efforts to improve this site. It is the product of an extensive community outreach process, which greatly benefitted from the support and collaboration with the Port Commission, Mayor Gavin Newsom's office, the Board of Supervisors, San Francisco voters, many Federal, State and City public agencies, and the Port's consultant team. The Port would like to recognize and thank the Port's Central Waterfront Advisory Group, BAE San Francisco Ship Repair, San Francisco Architectural Heritage, San Francisco Planning and Urban Research Association, San Francisco Tomorrow, Potrero Boosters, Neighborhood Parks Council, San Francisco Planning Department, California State Lands Commission, California State Office of Historic Preservation and San Francisco Bay and Conservation Development Commission.

Port staff is grateful for the thoughtful, collaborative spirit of the public planning process. These partnerships with the development, neighborhood, community, and public agency stakeholders will be fundamental to the success of achieving the ambitious slate of objectives for Pier 70.

Next Steps

On July 29, 2009, the Port will hold its fourth community workshop on the Plan, and will conduct additional outreach throughout the summer. Port staff will return at the Port Commission's August 11, 2009 meeting to receive Port Commissioner comments and direction and comments from the public. The Port is working with the Planning Department to schedule additional informational briefings to the San Francisco Planning Commission and Historic Preservation Commission. The Port seeks public comments on the Plan by August 28, 2009.

In September, Port staff plans on reporting back to the Port Commission on comments received and any further refinements to the Plan. At that time, staff will present development solicitation options for the Port Commission's consideration. If supported by the Port Commission, the Plan (as may be revised further to respond to public comments) will provide the basis for a developer solicitation process for Pier 70.

Important Dates

- **July 29, 2009:** Public Workshop to receive public comments on the Plan; Pier 1 Bayside conference rooms 6:00 -8:00 PM
- **August 11, 2009:** Port Commission public hearing to receive Commission comments on the Plan; Port Commission Room, Ferry Building
- **PUBLIC COMMENT DEADLINE: AUGUST 28, 2009.** Comments may be received in public hearings, writing on online at www.sfport.com/pier70 or to david.beaupre@sfport.com.
- **September 2009:** Port Staff summary of input received, any revisions to Plan, and recommended next steps for Port Commission consideration

Prepared by: David Beaupre,
Senior Waterfront Planner

Prepared for: Byron Rhett, Deputy Director, Planning
& Development



MEMORANDUM

July 7, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Informational presentation regarding parking in the Ferry Building Area

DIRECTOR'S RECOMMENDATION: Informational only – No Action Required

SUMMARY

Since the closure of Pier ½ in July 2008, the Port has made many small changes to parking in the Ferry Building Area (including the Ferry Building, Agriculture Building, Piers 1, 1½, 3 and 5 as shown on Exhibit A) in order to improve parking conditions for visitors and shoppers at the Ferry Building Marketplace and Ferry Plaza Farmer's Market. Port staff in conjunction with many partners worked to: 1) expand the availability of street parking by adding additional spaces, moving farmer trucks off-street and installing of new "smart" meters; 2) promote and improve validation programs at area garages; and 3) substantially expand Ferry Building valet parking capacity and times available.

The Port continues to work on parking improvements including: 1) enhanced parking at Seawall Lot 351; 2) improvements to Ferry Plaza public access including temporary parking; and 3) study of transportation and parking as part of Downtown Ferry Terminal Project implementation. Throughout these efforts Port staff has endeavored to identify specific customers and users that can be served by better use of existing parking resources.

PIER ½ CLOSURE

Pier ½, immediately to the north of the Ferry Building, accommodated up to 100 cars as the primary parking lot for short-term visitors to the Ferry Building. Although the Port

The Print Covers Calendar Item No. 8B

made limited repairs to Pier ½ to prepare for the 2003 Ferry Building re-opening, between 2003 and 2007 deck failures continued. The Port commissioned a structural evaluation of Pier ½ in late 2007 and shared Pier ½'s deteriorating condition with the Ferry Building tenant – Equity Office Partners (EOP), the Northeast Waterfront Advisory Group and the Port Commission. In May 2008, the Port of San Francisco notified EOP that the Chief Harbor Engineer had determined a September 12, 2008 closure date for Pier ½.

Initially, both EOP and the Ferry Building merchants called for the continued use and repair of Pier ½. The Port and EOP explored whether repairs could be made including further below deck inspections. EOP, after reviewing Pier ½ condition information, closed Pier ½ on July 3, 2008.

After the July 2008 closure, there was substantial public and merchant concern about the loss of parking for the Ferry Building. Port staff took the lead in communicating to the public the need for the closure and continuing parking options in the Ferry Building Area. The Port posted a notice on its website and explanatory signage at the entrance to Pier ½. The Port designed and helped distribute post card maps of publicly available parking in the vicinity. Additionally, Port staff briefed the Port Commission, the Northeast Waterfront Advisory Group and Ferry Building merchants.

Since the closure of Pier ½, Port staff has worked closely with stakeholders to identify ways to improve parking for the Ferry Building area – particularly on farmers' market days. Port staff has endeavored to identify specific customer and user types that can be served by better use of existing parking resources such as inexpensive validation at distant lots serving workers and price-sensitive customers, and curbside valet service for restaurant and less price-sensitive customers. Throughout these efforts the Port has focused on better serving Ferry Building area visitors and customers and meeting its existing obligations.

THE PORT'S PARKING OBLIGATIONS

The Parking Agreement between the Port and Ferry Building Investors, LLC requires the Port to make available 150 parking spaces to meet Ferry Building patron needs in a specified proximity. This April 10, 2001 agreement identifies several areas for locating potential parking spaces and provisions for relocation. As documented in the April 18, 2003 location notice and agreement, the parties agreed that provision of the spaces at Pier ½ and Seawall Lot 351 (Embarcadero at Washington) met the Port's obligation for parking. Though there are a number of private parking garages within easy walking distance of the Ferry Building, including the Embarcadero Center garage and 75 Howard Street, the Parking Agreement calls for the Port to provide 150 parking spaces reasonably within its control including spaces at Pier ½, Seawall Lot 351, and 1 Maritime Plaza at 250 Clay Street (now known as the Golden Gateway Garage). The agreement recognized that Pier ½ would eventually be unusable and allows for relocation of parking within the identified area. The Parking Agreement is a continuing obligation unless a new public parking garage to serve the Ferry Building waterfront is built.

Following the closure of Pier ½, and pursuant to the Parking Agreement, the Port designated SWL 351, the white zone in front of the Ferry Building, and 58 spaces in the Golden Gateway Garage for use by Ferry Building visitors. San Francisco Municipal Transportation Agency (SFMTA), which owns the garage, has offered dedicated spaces to EOP for Ferry Building patron use at its authorized rate.

PARKING ACTIONS SINCE THE CLOSURE OF PIER ½

Since the closure of Pier ½ Port staff has worked closely with EOP, Center for Urban Education about Sustainable Agriculture (CUESA – the operator of the Ferry Building Farmers' Market), SFMTA and other stakeholders to improve parking in the Ferry Building area. The parking actions accomplished in the past year are described below. Additionally, Port staff continues work toward larger solutions to parking in the Ferry Building area. Many of these solutions focus on farmers' market days – Saturdays, Tuesdays and now Thursdays – as parking is most scarce at these times. Table 1 shows the changes to parking options during Saturday morning peak parking.

Table 1:

Parking Changes Since Pier ½ Closure: Saturday A.M. Peak		
	<u>Before Closure</u>	<u>After Closure</u>
Pier ½ (valet) ¹	100	10
Seawall Lot 351 *(valet) ²	110	110
Davis St. Meters	0	11
Washington Street Meters ³	0	50
New Embarcadero Meters	0	5
Golden Gate Garage ⁴	0	40
Embarcadero Center Garage ⁴	<u>0</u>	<u>40</u>
Total	210	266

Notes:

¹Pier ½ had 48 self park spaces available for Ferry Building visitors, but accommodated up to 100 cars with valet. About 10 cars are now valet parked on the Pier ½ stub on Saturdays.

²SWL 351 is currently striped with 80 self park spots but can accommodate up to 110 cars with valet.

³Up to 50 meters on Washington Street were used by farmers trucks and are now available to Ferry Building and farmers' market patrons on Saturdays and Tuesdays.

⁴CUESA estimates that 40 workers and/or patrons use validated parking at both the Golden Gate and Embarcadero Center garages on Saturdays.

Accessible Parking: Closure of Pier ½ put most strain on visitors needing accessible parking. Working with the Port's ADA coordinator, the Port has repainted the curbs between the Agriculture Building and Pier 5 to provide sufficient accessible parking ("blue zones") for the Ferry Building area. Additionally, the Port added 5 new metered spaces available for visitors just north of Pier 1.

Golden Gateway Garage: Beginning in July 2008, the Golden Gateway Garage expanded its weekend validation program, which previously applied to Chinatown and North Beach merchants, to include the Ferry Building area. Under this program, patrons who secure a validation may park on Saturdays and Sundays until 10:00 pm at a rate of \$3 per day. The validation program has no cost to the merchants. There is no restriction in the number of Ferry Building and Farmers' Market shoppers that may park at the 1,095 space Golden Gateway Garage on the weekends. Additionally, in early 2009, the garage began opening at 7:00 AM on Saturdays to serve farmers' market workers and shoppers and typically accommodates about 40 farmers' market worker and shopper vehicles. The validated rate increased to \$3.50 per day effective July 1, 2009. The Port is working with SFMTA and the garage operator to improve signage and open garage entrances on Washington Street.

Additional Garage Validation: CUESA and EOP have worked with Embarcadero Center and 75 Howard Parking Garages to secure Saturday morning discounted parking. In June 2008, Saturday parking rates were lowered at the Embarcadero Center 3 and 4 parking garage (870 total spaces) across the street from the Ferry Building. These garages open at 7 am and cost \$2 per hour for the first two hours and \$3 per hour thereafter with validation from the Ferry Plaza Farmers Market Information Booth. The 75 Howard Parking Garage charges a flat fee of \$5 for the first 4 hours on Saturday's only.

Expanded Parking Meter Options: At the Port's request, the City added 11 parking meters on Davis Street. Additionally, the Port has participated in the SF PARK program and has installed new centralized parking meters in the Ferry Building area. When these new meters are activated, the Port will collect and analyze user data to set variable pricing schemes based on demand. SF Park's variable pricing has a goal of 85% occupancy to assure available meter parking in most instances. The Port anticipates having adequate data to initiate demand-based pricing in Fall 2009.

Alternative Location for Farmer's Parking: Starting in early 2009, CUESA reduced the number of farmer's trucks using meters on Washington Street during the farmers' markets. On Saturdays farmer trucks had been using up to 50 metered parking spaces on Washington Street. CUESA reduced their use of metered spaces to fewer than 20 spaces on Saturdays and no spaces on Tuesdays by using garages and maximizing parking resources at the rear of Ferry Plaza.

In June 2009, CUESA and the Recreation & Parks Department (RPD) executed a month-to-month permit allowing parking of approximately 20 vehicles on RPD's underutilized site adjacent to the F line turn around on Saturday's only, eliminating the need for parking meters. Between the new meters on Davis Street and relocation of farmer trucks over 60 more parking meters are available during Saturday farmers' market.

Valet Parking: In December 2008 EOP, working with Port staff, expanded its valet parking operation in the white zone in front of the Ferry Building. EOP secured a valet permit for the entire white zone and developed a curbside validation program for patrons to drop off/pick up their vehicles. The program is now available from 9 a.m. to

10 p.m. every day except Sunday serving all Ferry Building visitors including evening restaurant visitors.

On Saturdays EOP experimented with a number of valet programs serving the Saturday farmers' market when the white zone is already in use as a "veggie valet" pick up zone allowing chefs and shoppers to leave their packages and return in their cars for pickup. EOP experimented with valet parking using Golden Gateway and 75 Howard Garages as holding areas for vehicles however the return times proved to be too long. Currently, Saturday valet parking is available for a limited number of vehicles at the curb in front of Pier ½ utilizing the "stub" of Pier ½ and Seawall Lot 351 as storage sites. Since December the valet operation has served an average of 1,700 customers per month with a quarter of users on Saturdays.

Saturday Parking Shuttle: In 2010 the SF Public Utilities Commission (PUC) plans to disrupt parking on SWL 351 as part of their North Force Main project relocating sewer lines.¹ This will displace about 40 parking spaces at Seawall Lot 351. In order to mitigate parking impacts of the sewer construction activity on area parking, the PUC will fund a Saturday morning parking shuttle bus during Summer 2010.

CONTINUING PARKING EFFORTS

Port staff continues to explore expanded parking options in the Ferry Building Area. These efforts include exploration with stakeholders in the area. These efforts include:

Ferry Plaza: EOP has made a proposal to enhance Ferry Plaza public access improvements funded through temporary parking on the Plaza. The improvements would re-align vehicle access to the center of the plaza, extend the promenade at the rear of the Ferry Building southward, and free the south edge of the plaza for exclusive pedestrian public access. The proposed improvements would enhance farmers' market operations and include accessible parking and areas for bicycle parking. These improvements would be paid for through temporary parking (approximately 4 years) of up to 65 cars in the center of the plaza. Ferry Plaza is a public access area under the Port's Waterfront Land Use Plan and BCDC's Special Area Plan and this proposal is subject to BCDC review and permitting.

SWL 351: After a development solicitation process for SWL 351 the Port selected San Francisco Waterfront Partners (SFWP) as the developer for a mixed-use project including a 90 space parking garage for the Ferry Building visitors. SFWP's proposal includes an alternate proposal including 250 publically accessible parking spaces under the combined SWL 351/8 Washington site. As part of exclusive negotiations the Port will consider the public benefits and financial implications of SFWP proposal and the alternate parking proposal.

Pier ½: Since its closure extensive engineering and cost analyses have been undertaken. Both Port and EOP engineering consultants estimated repair costs in

¹ This work will remedy a weakness in the system. An emergency repair disrupted parking at SWL 351 from May 2008 through September – contributing to the scarcity of parking Summer 2008 when EOP closed Pier ½.

excess of \$3 million. The Port's Waterfront Land Use Plan and BCDC's Special Area Plan call for removal of Pier ½. At this time, the Port has not identified a funding strategy to rebuild Pier ½. The structurally sound, western most "stub" of Pier ½ is in use for valet operations on Saturdays and is available for overflow farmer truck parking on Tuesdays. Continued use (or demolition) of Pier ½ will be considered a part of the implementation planning for the Downtown Ferry Terminal expansion project discussed below.

FERRY BUILDING AREA IMPLEMENTATION PLAN

The Port in conjunction with the Water Emergency Transportation Authority (WETA) has begun work on the expansion of the Downtown Ferry Terminal. Implementation planning is needed to address issues related to the expansion of ferry service, the rehabilitation of the Agriculture Building, improvements to Ferry Plaza for public open space, as well as the ongoing needs of visitor parking and transportation, public access, and emergency preparedness. As part of this effort Port staff is developing a long-term land use implementation strategy for the entire Ferry Building area that addresses these multiple needs including a circulation system that improves all modes of travel including buses, valet, taxis, bicycles and secure storage for bikes, pedestrians, delivery, and parking. This analysis will address the long-term parking needs of the Ferry Building Marketplace, Farmer's Market and other customers and users of the area. The implementation strategy will establish an area parking management program that addresses visitor parking needs, accommodates farmer trucks, disabled visitors as well as spaces for alternative transportation means (bikes and flex-car options) and buses.

NEXT STEPS

Port staff continues to explore opportunities to improve parking in the Ferry Building area. As part of the Downtown Ferry Terminal expansion project, Ferry Plaza Improvement and SWL 351 projects, staff will present the Port Commission its analysis regarding the costs and benefits of parking improvements in the Ferry Building area, including any reuse of Pier ½.

Prepared by: Jonathan Stern, Assistant Deputy Director
Waterfront Development

For: Byron Rhett, Deputy Director
Planning & Development

Exhibits: A. Location Map

New Parking Meters

Ferry Plaza

SWL 351

Pier 1/2

White Zone

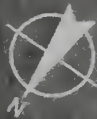
RPD Site

75 Howard
Street Garage

Embarcadero Center
Garages 3 & 4

Golden Gate
Garage

Exhibit A - Location Map Ferry Building Area



0 50 100 150 200 ft
Approximate Scale

July 2009
GIS/Esri/PT Area Plan/Graphic/Map/Planning

PORT
OF
SAN FRANCISCO



MEMORANDUM

July 9, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney A. Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer *M. Moyer*
Executive Director

SUBJECT: Request approval of the Municipal Debt Policy for the Port of San Francisco

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution and Adopt the Attached Municipal Debt Policy

Background

On July 1, 2009 the Port made its final payment on its \$19.94 million Refunding Revenue Bonds. Currently the Port has no outstanding bonded indebtedness.

On April 25, 2006 the Port Commission adopted the Port's first ten-year capital plan. The purpose of the plan is to identify the major maintenance and capital improvement needs of the Port's facilities, prioritize capital projects, and identify potential funding sources. The maintenance and improvements will bring the facilities up to current building code standards, including seismic requirements. The latest annual update to the plan was adopted by the Port Commission on February 24, 2009. The plan identifies \$2.0 billion in improvements, approximately \$650 million of which are expected to be funded through a combination of the Port's operating budget, future Port revenue bonds, Port tenants, public/private development projects, and Infrastructure Financing District bonds.

Port staff anticipates issuing new bonded debt in the fall of 2009. This anticipated new financing will be the first of several bond issues that are expected over the next several years. As described in Item 9B of the July 14, 2009 Port Commission agenda, the net proceeds from these new bond offerings will be used to pay for five of the projects identified in the ten-year capital plan.

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The Proposal

Port staff is proposing that the Port Commission adopt a debt policy, prior to any new issuance of municipal debt. The purpose of such a policy is to provide comprehensive guidelines for the issuance and management of the Commission's bonds and other debt obligations. Port staff is seeking approval of the proposed Port municipal debt policy which is attached to this staff report.

The proposed municipal debt policy is intended to help ensure that: i) the Port Commission and Port staff adhere to sound debt issuance and management practices; ii) the Port Commission achieves the lowest practical cost of borrowing commensurate with prudent levels of risk; iii) the Port obtains unfettered access to the debt markets by preserving and enhancing the quality of the Port's bonds and other debt; and iv) Port debt municipal issuance and management practices are formally documented, and made more transparent to debt rating agencies, investors, and the public.

Highlights of the Proposed Municipal Debt Policy

The proposed municipal debt policy includes the following provisions:

1. Legal Framework: Outlines the legal framework governing the issuance of municipal debt by the Port Commission including the legal authority, and the need to comply with applicable laws, and Port Commission agreements.
2. Approval Process: Establishes the requirement that: i) the Port Commission approve all projects to be financed by Commission issued debt; ii) each proposed debt issue be approved by the Port's Deputy Director of Finance and Administration, and Executive Director before it is submitted to the Port Commission for approval; and iii) each debt issuance be approved by the Port Commission.
3. Debt Affordability Targets: Establishes limits on the amount of Port municipal debt that can be issued and outstanding at any one time.
4. Purposes, Types, Terms and Provision of Port Municipal Debt: Identifies the permitted uses for Port debt, the types of debt instruments that the Port Commission may issue, the appropriate terms and provisions for such debt, and the methods of sale for the Commission's bonds.
5. Permitted Investment of Bond Proceeds and Other Debt-Related Funds: Establishes the requirement that investment of bond proceeds, held outside of the City Treasury, adhere to the City's Investment Policy. Establishes minimum requirements for investment providers, requirements for investment agreements, and requires that the purchase of investment products and services be competitively bid.
6. Financial Professional Services: Identifies the categories of professional services that periodically may be required to assist Port staff in the issuance and management of the Port's municipal debt, and requires that these services be procured through a competitive process.

7. Communication with the Public: Establishes requirements for the disclosure of financial statements and other financial and operating data to public. Requires that the Port comply with Security and Exchanges Commission rules regarding continuing disclosure of financial information to holders of Port debt and the investing public.
8. Financial Modeling: Requires that the Deputy Director of Finance and Administration develop and maintain a financial model to evaluate the financial impact on the Port's budget of proposed debt issues.
9. Periodic Review: Provides for periodic review and, if needed, update of the Port's municipal debt policy. Requires that the municipal debt policy be submitted to the Port Commission at least once every five years for review and re-approval.

Recommendation

Port staff recommends that the Port Commission approve the attached resolution and adopt the attached proposed municipal debt policy.

Prepared by: Lawrence Brown, Principal Administrative Analyst

For: Tina Olson, Deputy Director
Finance and Administration

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-38

- WHEREAS, On April 25, 2006 the Port Commission adopted the Port's first ten-year capital plan; the purpose of which is to identify the major maintenance and capital improvement needs of the Port's facilities, prioritize capital projects, and identify potential funding sources; and
- WHEREAS, The latest annual update to the ten year capital plan adopted by the Port Commission on February 24, 2009 identified \$2.0 billion in improvements, approximately \$650 million of which are expected to be funded through a combination of the Port's operating budget, future Port revenue bonds, Port tenants, general obligation bonds, public/private development projects, and Infrastructure Financing District bonds; and
- WHEREAS, The Port Commission's outstanding Refunding Revenue bonds were repaid in full on July 1, 2009, and Port staff anticipates issuing new bonded debt in the fall of 2009; and
- WHEREAS, This anticipated new bond issue will be the first of several bond issues that are expected over the next several years, the net proceeds of which will be used to pay for a portion of the projects identified in the Port's ten-year capital plan; and
- WHEREAS, The Port Commission wishes to have a debt policy in place before any new issuance of Port debt to provide comprehensive guidelines for the Port staff for the issuance and management of bond and other debt obligation of the Port Commission; and
- WHEREAS, The debt policy will help ensure that: i) the Port Commission and staff adhere to sound debt issuance and management practices; ii) the Commission achieves the lowest practical cost of borrowing commensurate with prudent levels of risk; iii) the Port obtains unfettered access to the debt markets by preserving and enhancing the quality of the Port's bonds and other debt; and iv) the Port's debt issuance and management practices are formally documented, and made more transparent to debt rating agencies, investors, and the public; now, therefore, be it
- RESOLVED, That the Port Commission hereby adopts the municipal debt policy as developed by staff and attached to the staff report dated July 9, 2009, accompanying this resolution; and, be it further

RESOLVED, The Port staff will periodically review the municipal debt policy, and return to the Port Commission within five years for re-approval of the existing or an updated version of the municipal debt policy as applicable.

I hereby certify the foregoing resolution was adopted by the Port Commission at its meeting of July 14, 2009.

Secretary

**Port Commission of the City and County of San Francisco
Municipal Debt Policy**

Dated as of July 1, 2009

I. Introduction & Legal Authority

The purpose of this Municipal Debt Policy (the "Municipal Debt Policy") of the Port Commission (the "Commission") of the City and County of San Francisco (the "City") is to establish comprehensive guidelines for the issuance and management of the Commission's debt.

The Commission has authority to borrow money and issue debt payable from its revenues for Port-related purposes pursuant to Sections 9.111, 9.112, B6.406 and B7.305 of the City Charter. Port revenue bonds may be issued without voter approval pursuant to Section 9.107.4 of the City Charter.

This Municipal Debt Policy confirms the commitment of the Commission, the Port Executive Director (the "Executive Director"), other Port management and staff, and advisors to: i) adhere to sound debt issuance and management practices, including the full and timely repayment of all borrowings; ii) achieve the lowest practical cost of borrowing commensurate with prudent level of risk; and iii) obtain unfettered access to the capital markets through preserving and enhancing of the quality of the Port's bonds and other debt.

II. Municipal Debt Policy Scope

This Municipal Debt Policy shall govern the issuance and management of all of the debt and capital lease financings of the Commission funded from the capital markets, together with all obligations and facilities related to those debt and equipment lease financings, including, but not limited to, investment of bond proceeds. While adherence to this Municipal Debt Policy is required under normal circumstances, the Commission recognizes that changes in the capital markets, Port programs, and other unforeseen circumstances may produce situations that are not covered by this Municipal Debt Policy, or require modification in order to achieve the Port's Municipal Debt Policy goals. Thus, the Commission may, upon recommendation of the Executive Director, approve financing and other related agreements with terms and/or provisions that deviate from this Municipal Debt Policy. The failure of the Commission to comply with any provision of this Municipal Debt Policy shall not affect the validity of any debt that is otherwise duly authorized and executed.

III. Municipal Debt Policy Objectives

The objectives of this Municipal Debt Policy are as follows:

- a. Maintain unfettered, cost-effective access to the capital markets through prudent debt management policies.

- b. Provide financial support for the Port's strategic and capital plan objectives through debt and equipment lease financing.
- c. Provide guidelines for the overall management of the Port's debt.
- d. Achieve the highest practical credit ratings and the lowest possible costs.

IV. Compliance with Law and Commission Agreements

All Commission debt shall be issued in accordance with the City Charter, and all Federal and State laws (including laws relating to State lands) rules and regulations including the Internal Revenue Code of 1986, the Securities Act of 1934, and the Securities Exchange Act of 1933; in each case as supplemented and amended, and regulations established pursuant to such laws. Debt of the Commission shall also be issued in compliance with other agreements of the Commission including those with credit or liquidity providers, and those of the City.

V. Appropriate Use of Debt

Port debt shall only be used for the following purposes: i) to finance capital improvement projects undertaken by the Port including the construction, major repair, or enhancement of Port facilities; ii) to finance the acquisition of capital assets; iii) to finance the purchase of capital equipment; iv) to refinance previously issued Commission debt; and v) to finance other large and extraordinary costs as determined by the Commission such as legal judgments or settlements.

Long term debt shall never be used to fund operating costs.

The Commission shall use proceeds of debt issues in a manner that is consistent with the then applicable Federal tax laws with respect to such debt. More specifically, the Commission shall use proceeds from governmental purpose bonds for public use projects. Proceeds from private activity (which are usually subject to alternative minimum tax) bonds shall be used for qualified exempt facility private activity projects, and proceeds from taxable bonds shall be used for other authorized uses that are not otherwise permitted for financing from government use or private activity bonds.

VI. Debt Approval Procedures

a. Staff Level Review and Approval

The Port's Capital Project Budget Committee, consisting of the Port's five deputy directors and the Chief Harbor Engineer, must review and recommend for funding all capital projects and capital equipment purchases being considered for debt financing. All proposed debt issuances by the Commission, including refinancings, shall be submitted to and approved by the Port's Deputy Director of Finance and Administration and Executive Director prior to submission to the Commission for approval.

b. Commission Approval

Commission authorization and approval is required for all projects financed by debt issued by the Commission. All proposed debt issuances will be submitted to the Commission for its approval and authorization. The Commission by majority vote shall approve a resolution authorizing each such issuance.

VII. Types of Borrowing

The following categories of debt refer to the form of revenue source, type of debt (new money vs. refunding), lien, and mode (fixed rate vs. variable rate).

A. Port Revenue Bonds

Port Revenue Bonds are long term debt obligations that are repayable solely from the general revenues of the Port and, if applicable, grant or other third party funds. The Commission may issue Port Revenue Bonds to fund capital improvement projects, purchases of large scale capital equipment, and other costs of the Port. Neither the credit nor the taxing power of the City, the State of California or any political subdivision of the State shall be pledged or made available to pay or secure Revenue Bonds of the Commission, unless specifically authorized.

B. Special Facility Bonds

Special Facility Bonds are long term debt obligations used to finance a specific Port project or facility. A distinguishing characteristic of Special Facility Bonds is that they are repayable solely from revenues generated by the facility or stand alone project to be financed by the bonds, rather than from general Port revenues.

The use of Special Facility Bonds is appropriate when the following conditions are met: i) revenues of the facility or project to be financed can be identified and segregated from the general Port revenues, ii) projected revenues from the facility will be sufficient to fully pay debt service during the entire term of the bonds, and pay all facility operating and maintenance costs, and iii) projected Port revenues, excluding the Special Facility revenues, will be sufficient for the Commission to comply with all covenants with respect to its other outstanding debt. Port staff shall use its outside financial advisors ("Financial Advisors") to assist it in verifying that the above conditions are met prior to the issuance of any Special Facility Bonds.

C. Equipment Lease Financing

Lease obligations are an appropriate means of financing capital equipment. A capital lease is a fixed-term, non-cancelable lease that is similar to a loan and is used for the acquisition of capital assets such as equipment. Under a capital lease, the title (or ownership) of the assets purchased remains with the lessor during the lease period. At the end of the lease the lessee has the option to acquire ownership of the assets by paying a small pre-determined amount to the lessor.

The Commission may enter in a capital lease and/or implement a master capital lease program to finance the acquisition of capital equipment. These types of obligations can be considered for equipment and assets as an alternative to other debt financing such as revenue bonds. Only high priority equipment with a useful life of 5 years or greater will be capital lease financed. Lease finance contracts or programs will be at least \$300,000 in size, and the term of lease will not exceed the average useful life of the equipment being financed. Equipment with a useful life of less than 5 years will be funded on a pay-as-you-go basis. Short term operating leases for equipment are not covered by this policy.

D. New Money Bonds

New Money bonds are bonds issued to finance the cost of capital improvement projects or any other purpose outlined in Section V of this Municipal Debt Policy. The issuance of new money bonds will generally result in an increase in the amount of Port debt outstanding, in contrast to refunding bonds, which simply refinance previously issued debt.

E. Refunding Bonds

Refunding bonds are bonds issued to refinance (or refund) previously issued and currently outstanding debt. The Commission may issue refunding bonds to refinance the principal of and interest on outstanding bonds or other debt of the Commission in order to (i) achieve debt service savings; (ii) restructure scheduled debt service; (iii) convert from or to a variable or fixed interest rate structure; (iv) change or modify the source or sources of payment and security for the refunded debt; or (v) modify covenants otherwise binding upon the Commission. Refunding Bonds may be issued either on a current or advance basis, as permitted by applicable Federal tax laws. The Commission may also utilize a tender offer process to refund bonds that are not otherwise subject to optional call by the Commission.

Refunding Bonds to be issued solely to achieve debt service savings shall not be issued unless the estimated net present value savings, as determined by the Port's Financial Advisors, are either (i) equal to at least 3% of the principal amount of the refunded Bonds; or (ii) equal to at least 1% of such principal amount, and it is unlikely, in the judgment of the Financial Advisors, that a future refunding would realize greater savings

F. Senior Lien Debt

Senior Lien Debt is the most senior debt issued by the Commission in terms of lien and order of repayment. The Commission may issue senior lien debt in order to achieve the most advantageous borrowing costs.

G. Subordinate Lien Debt

Subordinated lien debt is debt that is subordinate (junior in terms of priority of lien and repayment) relative to some or all of the then outstanding debt of the Commission. Such debt would be issued in instances where the Commission

has determined that it is necessary or desirable to accommodate the particular structure or terms of a given issue, or in circumstances where the issuance of senior lien Bonds would be limited or restricted.

An example of a Port subordinated lien debt was the \$12 million bank loan that the Port secured in 1998 to fund the move of the Port's maintenance facility to Pier 50, and the purchase a land parcel in connection with the construction of the SF Giants baseball stadium at China Basin. The loan was secured by Port revenues, however, because the Port Revenue bonds had a senior lien on those revenues, the bank loan was subordinated to the outstanding revenue bonds.

H. Long Term Debt

For purposes of this municipal debt policy, long term debt is defined as bonds or other debt with a final maturity of 5 years or more. The Commission may issue debt with longer-term maturities to amortize Port capital or other costs over a period commensurate with the expected life, use or benefit provided by the projects, programs or facilities financed from such bonds.

I. Short Term Debt

For purposes of this municipal debt policy, short-term debt is defined as any debt with a final maturity of less than 5 years. The Commission may issue debt with shorter-term maturities, including commercial paper and grant and revenue anticipation notes, to provide interim financing for capital projects in anticipation of the issuance of longer-term bond or other debt and/or the receipt of grant or other third party moneys.

J. Fixed Rate Borrowings

Fixed rate borrowings are debt issuances that pay a fixed rate of interest. Fixed rate borrowing may utilize one or more series of bonds with differing maturities, all of which pay a fixed rate of interest. Fixed-rate debt shall be the primary type of debt issued by the Commission to assure future costs and to insulate the Port from interest rate risk.

K. Variable Rate Borrowings

Variable rate borrowings are debt issuances whose interest rate vary from day to day, week to week, or some other period, based on pre-determined market indices and conditions. Variable rate bonds are typically issued using a letter of credit, which assures the liquidity needed for such debt, and also typically enhances the credit quality of the debt. Variable rate debt can be issued to reduce an issuer's overall borrowing costs, because, over the long term, variable rate debt has been historically cheaper than fixed rate debt. However, this must be balanced with a consideration of how the issuer will manage the risk associated with the variability of the cost of variable rate debt.

The Commission may from time to time issue variable rate debt when such issuance is considered desirable. The Commission shall limit its variable rate

debt exposure to no more than 10% of the aggregate outstanding principal amount of its long-term debt, determined as of the date of issuance or execution of the variable rate debt.

L. Additional Types of Borrowings

Assessment district bonds such as Mello Roos and special assessment bonds may be issued by creating a district in which the land-owners and others within the district agree to tax themselves, through the ad valorem property tax, at a higher rate in order to repay debt issued to finance capital improvements. These financing methods are widely used in the State of California, most typically to pay for infrastructure costs for limited areas that need public improvements in order to stimulate private investment.

The Commission may issue Mello-Roos Bonds and special assessment bonds such as Infrastructure Financing District Bonds as appropriate in support of its development and capital improvement programs. The Commission may also incur bank financing (either long or short term), and may enter into memorandum of understanding (MOU) agreements with the City or any of its departments or agencies for the issuance of debt on the Port's behalf if the following conditions are met.

- i. Proceeds from the debt issuance are only made available to the Port for Port-related capital improvement projects or other purposes as described in Section V of this Municipal Debt Policy,
- ii. Such debt is issued in accordance with the City Charter, and;
- iii. Port revenues are to be used to repay the debt issued.

VIII. Debt Affordability Targets and Policy Limits

Unless changed by Commission action, it is the policy of the Port to meet the targets listed below. These limits, in combination with the Port's annual updated 10 year capital plan, and multi-year planning, will ensure that the Port continues to provide essential operational services while planning for replacement, rehabilitation, repair and expansion of its capital investments.

1. The Port will maintain a minimum Debt Service Coverage of 1.15x taking into account all of its outstanding debt. The actual terms and conditions specific to each debt issue will be controlled by the applicable documents.
2. The Port will maintain a minimum unappropriated operating reserve of 15% of its annual operating expenditure budget.
3. So long as the above conditions are met, the Port will seek to minimize the level of debt outstanding consistent with the most recently updated 10 year capital plan.

IX. Structuring Considerations

A. Long-Term Debt

- i. *Term*: up to 35 years depending on cash flow assumptions, construction timeline and remaining useful life of the asset being financed. The weighted average maturity of such debt should not exceed 120% of the reasonably estimated weighted average life, use or benefit (measured in years) of the projects, programs and/or facilities financed from the proceeds of such debt.
- ii. *Maximum Yield*: not to exceed 12%.
- iii. *Coupons*: fixed rate or variable.
- iv. *Call Provisions*: shortest possible optional call consistent with optimal pricing; no more than 30 days notice.
- v. *Structure of Debt*: combined interest and principal payments will be structured to have approximately level debt service payments - unless otherwise dictated by underlying remaining useful lives of the assets financed. Exceptions may occur for refunding debt.
- vi. *Debt Service Reserve*: lesser of 10% of the principal amount, 125% of the average annual debt service, 100% of the maximum annual debt service, or a surety bond.

A surety bond avoids unnecessarily increasing the size of the bond issue, however, the surety bond may require an upfront fee payment to the insurer, and it results in the loss of any future interest income as compared to a cash-funded debt service reserve (DSR). The Director of Finance and Administration, with the assistance of the Port's financial advisors, will evaluate and document the DSR funding decision. Factors to be considered include arbitrage yield restrictions, current interest rates, availability and cost of a surety bond, perceived stability of the provider, and opportunities for alternative uses of the DSR funds including funding of additional capital projects.

- vii. *Capitalized Interest*: sized through substantial completion of the capital improvements financed plus a minimum of six months unless other assets are available.
- viii. *Net Funding*: the project and capitalized interest funds may be reduced by the amount of projected interest earnings if investments are secured upon issuance of bonds.
- ix. *Reimbursement Resolution*: adopted by the Port Commission to preserve the ability to capture expenditures made (after such date of adoption) by the Port and make them eligible for reimbursement from future bond proceeds in conformance with tax law requirements.
- x. *Good faith deposit*: 1% of the par amount.
- xi. *Budgeting Debt Service*: The Port's annual budget shall include gross debt service for the outstanding debt.

B. Variable Rate Debt

- i. *Purpose:* reduction of net borrowing cost; match of assets and liabilities
- ii. *Max. Portfolio Allocation:* no more than 10% of the Port's outstanding debt portfolio shall be in variable rate debt.
- iii. *Term:* consistent with policies for underlying debt types.
- iv. *Maximum Yield:* not to exceed 12%.
- v. *Monitoring:* the Port shall monitor all variable rate bonds on a monthly basis and shall determine, from time to time, whether to change modes, alter hedging strategies and/or replace a remarketing agent.
- vi. *Remarketing Provisions:* the Port seeks to obtain remarketing agent agreements containing a provision requiring the remarketing agent(s), in the event of a failed remarketing, to purchase the Port's bonds, at prevailing interest rates, for up to 30 days. The purpose of such provision is to allow the Port ample time to convert illiquid bonds to an alternative, marketable mode before incurring liquidity rates.
- vii. *Call/Conversion Provisions:* on any date without penalty; with as short of a notice period as possible.
- viii. *Liquidity:* a liquidity facility shall be obtained, either externally or internally, for all short-term indebtedness containing a put feature. Liquidity providers shall maintain the short-term ratings and long-term ratings as defined in Section XII (A) of this Municipal Debt Policy.
- ix. *Disclosure:* the Port shall covenant to provide continuing disclosure in accordance with its customary practices for any short-term debt with a final, stated maturity exceeding 3 years.
- x. *Mode:* all bonds issued as variable rate bonds shall be issued as "multi-modal" bonds.

X. Methods of Sale for Port Bonds

There are three principal methods for the sale of Bonds: (i) competitive, (ii) negotiated, and (iii) private placement. The Commission shall utilize the method of sale that (a) is reasonably expected to produce the most advantageous interest cost with respect to the Bonds, and (b) provides the Commission with the flexibility necessary or desirable in connection with the structuring, timing or terms of such sale and of the related Bonds.

A. Competitive Sale

The competitive sale of the Commission's Bonds will be appropriate under the following circumstances:

1. The Bonds are traditional long-term fixed-rate new money revenue bonds;
2. The Bonds are senior lien obligations of the Commission;
3. The Bonds do not include any unusual call provisions or other terms;

4. The Bonds are or will be rated no lower than an "A" category or equivalent by at least two of the three major credit rating agencies, or the Bonds will or can be insured by a Bond Insurer which is rated "AAA" or equivalent by at least two of the three major credit rating agencies;
5. Prices in the municipal bond market are relatively stable;
6. Market timing is not critical to the pricing of the Bonds; and
7. The municipal bond market is in a period of sufficient stability and receptivity to the rating assigned to the Port's bonds that a competitive sale is deemed to be advantageous.

Competitive sales may be conducted in such manner as the Commission shall approve, including through internet-based or other electronic bidding systems.

B. Negotiated Sales

The negotiated sale of the Commission's Bonds will be appropriate under the following circumstances:

1. The Bonds are not traditional long-term fixed-rate new money revenue bonds;
2. The Bonds are not senior lien obligations of the Commission;
3. The Bonds include unusual call provisions or other terms;
4. The Bonds are or will be rated below an "A" category or equivalent by at least two of the three major credit rating agencies;
5. Prices in the municipal bond market are relatively volatile;
6. Market timing is important to the pricing of the Bonds;
7. Volume in the municipal bond market is unusually heavy or unusually light;
8. The structure of the financing is complex or unusual, and is expected to require additional pre-marketing and marketing efforts and activities;
9. Demand for the Bonds is expected to be weak, as a result of credit issues, market perceptions, unusual structures or other factors;
10. The sale of the Bonds must be coordinated with other related transactions, such as a tender offer for outstanding Bonds, the closing of an acquisition of property or facilities to be acquired from the proceeds of the Bonds, or related transactions; and/or
11. The expected demand for the Bonds is from retail rather than institutional investors; and/or
12. The impetus for the transaction has been the result of significant innovation and efforts provided by one or more underwriter(s).

The underwriter or underwriters for a negotiated sale of Bonds (the "Underwriters") may be selected from a pre-qualified pool of underwriters with

experience and expertise in connection with the particular type of Bonds being offered for sale.

Port staff, with the assistance of its Financial Advisors, shall evaluate the proposed pricing and other terms offered by the Underwriters in relationship to prevailing market prices on the date of sale and prevailing practices in the municipal bond market, in each case with respect to comparable issuers.

If there are multiple Underwriters, the Port, with its Financial Advisors, shall establish appropriate levels of liability, participation and the priority of orders among the Underwriters. The senior managing underwriter shall provide Port staff with a summary of all orders, allocations and underwriting activities with respect to the sales, a copy of the pricing wire, and the total designations and compensation to each underwriter promptly following the closing with respect to the Bonds.

The senior managing underwriter and/or the Port's Financial Advisors shall also provide Port staff with a pricing analysis promptly following the closing, including without limitation the results of comparable sales in the market at or near the time of the Commission's sale.

C. Private Placements

The private placement of the Commission's Bonds (as opposed to the public offering of Bonds through a competitive or negotiated sale) will be appropriate only in circumstances where: (i) a public offering would require the registration of the Bonds under applicable Federal securities laws, or (ii) the Bonds are or will be either unrated or rated in a category below investment grade. In the event such circumstances arise, the Bonds of the Commission may be sold pursuant to a private placement only under such terms and conditions and in such manner as the Commission shall determine, in consultation with its Financial Advisors.

XI. Pricing of Port Debt

A. Bonds

The Commission's Bonds may be sold at such prices, including at par, a premium or a discount, as the Commission may determine is likely to produce the most advantageous cost, inclusive of interest and all fees and charges, under then prevailing market conditions.

B. Other Port Debt

Other debt issued or incurred by the Commission will be priced at the lowest practical cost, inclusive of interest and all fees, under then prevailing market conditions.

XII. Credit Enhancement of Port Debt

The Commission may secure credit enhancement for its bonds or other debt from third-party credit providers when it provides an economic advantage, to the extent that such credit enhancement is available at reasonable, competitive, and cost-effective terms. Credit enhancement may take the form of municipal bond insurance ("Bond Insurance"), stand-by or direct pay letters of credit, and lines of credit (collectively and individually, "Credit Facilities"), as well as other similar instruments. Credit enhancement providers shall be selected on a competitive basis.

A. Credit Facilities

The issuance of certain types of bonds or other debt require a stand-by letter of credit, direct pay letter of credit, or line of credit (a credit facility) from a commercial bank or other qualified financial institution. The purpose of these facilities is to provide liquidity and/or credit support for the debt issuance. The types of debt issuance where a credit facility may be necessary include commercial paper, variable rate bonds with a tender option, and bonds that would not receive an investment grade credit rating in the absence of such a facility. The criteria for selecting a Credit Facility provider shall include:

1. Long-term credit ratings of "A1/A+" or better from at least two of the following credit rating agencies: Standard and Poor's, Moody's Investor Services and Fitch Ratings;
2. Short term rating from at least two of the three rating agencies mentioned in XII (A)1 above, of at least "P-1/A-1/F-1" or equivalent;
3. Experience in providing such facilities to state and local government issuers;
4. Pricing of the facility, including without limitation initial and on-going costs of the credit facility; draw, transfer, and related fees; legal counsel fees; termination fees and any trading differential; and
5. Willingness to agree to the terms and conditions proposed or required by the Commission.

B. Bond Insurance

All or any portion of a bond issue may be secured by bond insurance provided by municipal bond insurers if it is economically advantageous to do so, or if it is otherwise deemed necessary or desirable in connection with a particular issue of bonds. Bond Insurance providers must have long-term credit ratings of "AA-" or equivalent from at least two of the three major credit rating agencies. The relative cost or benefit of bond insurance may be determined by comparing the amount of the bond insurance premium to the present value of the estimated interest savings to be derived as a result of the insurance.

XIII. Derivatives

Financial derivative products can be beneficial interest rate management tools that can assist the Port as part of its overall debt and investment management policy. However, these products need to be monitored very closely, and they have their own set of risks that need to be thoroughly understood before they can be used effectively. Therefore, the Commission shall not authorize the use of any financial derivative until such time as Port staff has developed, and the Commission has adopted, a financial derivatives policy.

XIV. Investment of Bond Proceeds and Permitted Investments

A. Permitted Investments

All investments of bond proceeds held outside of the City Treasury shall adhere to the City's Investment Policy as approved periodically by the City Treasury Oversight Committee. With the exception of investment contracts, investment of Port bond proceeds shall not allow security types or credit standards less than those of the City's Investment Policy.

B. Purchase of Investments

The Commission shall competitively bid the purchase of securities, investment agreements, forward purchase contracts, and other investments products used to invest bond proceeds. The Commission shall comply with all applicable Federal, State, and contractual restrictions regarding the use and investment of bond proceeds including, but not limited to: i) compliance with restrictions on the type of permitted investments, ii) restrictions on allowable yield of some invested funds, and iii) restrictions on the time period allowed for the investments of some bond proceeds.

C. Diversification

The Commission shall diversify invested proceeds in order to reduce risk exposure to providers, types of investment products, and types of securities held.

D. Disclosure

The Commission shall require that all fees resulting from providing investment services or the sale of products to the Port be fully disclosed to ensure that there are no conflicts of interest, and that investments are being purchased at a fair market price.

E. Structure of the Investment Agreements

The Commission may enter into investment agreements for the following purposes: a) to maximize interest earnings thereby reducing net borrowing costs, b) to match assets and liabilities, or c) for hedging. All investment agreements entered into by the Commission shall be structured as follows:

1. Investment Provider: Minimum ratings of AA- from at least two of the three major credit rating agencies.

2. **Mandatory Termination:** Limited to non-payment and credit-related events.
3. **Cure Provisions:** Timelines on Commission's obligations to cure must provide for appropriate approvals and legislative action, if applicable.
4. **Priority of Payment:** Termination payments to be subordinate to related debt payments.
5. **Award:** Based on best bid as defined in the bid form after limited negotiation of terms.
6. **Term:** Not to exceed the term of the related debt.

XV. Professional Services

The Commission may retain professional services providers as necessary or desirable in connection with (i) the structuring, issuance and sale of its bonded debt; (ii) monitoring of and advice regarding its outstanding bonds; and (iii) the negotiation, execution and monitoring of related agreements, including without limitation bond insurance, credit facilities, investment agreements; and (iv) other similar or related matters. Professional service providers may include financial advisors, bond counsel, disclosure counsel, Port consultants, bond trustees and Federal arbitrage rebate services providers, and may include, as appropriate, underwriters, feasibility consultants, remarketing agents, auction agents, broker-dealers, escrow agents, verification agents and other similar parties.

Professional service providers shall be selected pursuant to a competitive selection process. The criteria for selection of professional services providers shall include, among other things, their relative experience with and expertise regarding the Port, comparable port issuers, and the Commission's various types of outstanding and proposed bonds

The Commission shall require that its financial advisors, bond and disclosure counsel, and Port consultants be free of any conflicts of interest, or that any necessary or appropriate waivers or consents are obtained

A. Financial Advisors

The Commission shall have one or more Financial Advisors to provide ongoing advisory services with respect to the Commission's outstanding and proposed Bonds and related agreements, including without limitation Credit Facilities, investment agreements and other similar matters.

B. Bond Counsel, Disclosure Counsel and Other Legal Counsel

- i. *Bond Counsel:* The City Attorney shall procure on behalf of the Commission one or more bond counsel law firms to provide ongoing legal advisory services with respect to the Commission's outstanding and proposed Bonds and related agreements, including without limitation credit facilities, investment agreements, and other similar matters. All

bonds issued by the Commission shall require a written opinion from the Port's bond counsel, as appropriate, regarding (i) the validity and binding effect of the bonds, and (ii) the exemption of interest from Federal and State income taxes.

- ii. *Disclosure Counsel:* The City Attorney shall procure on behalf of the Commission a disclosure counsel law firm to provide ongoing legal advisory services with respect to initial and continuing disclosure in connection with the Commission's outstanding and proposed Bonds. Such firm may be one of the Commission's bond counsel firms. The issuance of Bonds by the Commission shall require a written opinion from the Commission's disclosure counsel, as appropriate, regarding (i) the exemption of the Bonds from registration requirements under Federal securities laws, and (ii) their absence of knowledge, after due review, regarding any material misstatement in or omission from the official statement or other public offering document with respect to the Bonds.
- iii. *Other Legal Counsel:* The Port shall utilize the City Attorney for ongoing legal advisory services with respect to the Commission's other (non-Bond) outstanding and proposed debt and related agreements. Other debt issued by the Commission may require a written opinion from the City Attorney, as appropriate, regarding (i) the validity and binding effect of the debt, and (ii) the exemption of interest from Federal and State income taxes, if applicable.

The Commission may encourage or require, as appropriate, the retention and use of legal counsel by other parties involved in the issuance of Port debt, and the execution of related agreements that are approved by the Commission.

C. Bond Trustees and Fiscal Agents

The Commission may engage bond trustees and/or fiscal agents, paying agents and tender agents, as necessary or appropriate, in connection with the issuance of its Bonds. Bond trustees and fiscal agents shall be federally-chartered banks with a minimum capitalization of \$100 million.

D. Underwriters

The Commission may engage a team of underwriters, including a senior managing underwriter, in connection with the negotiated sale of its Bonds. The Commission also may engage one or more underwriters, as necessary or appropriate, to serve as remarketing agents, broker-dealers or in other similar capacities with respect to variable rate demand bonds, commercial paper and other similar types of Bonds issued by the Commission.

E. Feasibility Consultants

The Commission may retain feasibility consultants with specialized expertise in connection with any proposed project, programs, facilities or activities to be financed in whole or in part from proceeds of debt. The criteria for the

selection of such feasibility consultants, in addition to those set forth above, shall include their expertise and experience with projects, programs, facilities or activities similar to those proposed to be undertaken by the Commission.

F. Arbitrage Rebate Service Providers

Because of the complexity of the Federal arbitrage rebate statutes and regulations, and the severity of potential penalties for non-compliance, the Commission may retain an arbitrage rebate services provider in connection with its outstanding and proposed Bonds, and may also solicit related legal and tax advice from the City Attorney and/or the Commission's bond counsel. The responsibilities of the arbitrage rebate services provider shall include: (i) the periodic calculation of any accrued arbitrage rebate liability and of any rebate payments due under and in accordance with the Internal Revenue Code and the related rebate regulations; (ii) advice regarding strategies for minimizing arbitrage rebate liability; (iii) the preparation and filing of periodic forms and information required to be submitted to the Internal Revenue Service; (iv) the preparation and filing of requests for reimbursement of any prior overpayments; and (v) other related matters as requested by the Commission.

The Commission shall maintain necessary and appropriate records regarding (i) the expenditure of proceeds of Bonds, including the individual projects and facilities financed and the amounts expended thereon, and (ii) investment earnings on such Bond proceeds. The Commission shall maintain such records for such period of time as shall be required by the Internal Revenue Code.

G. Other Professional Services

The Commission may retain such other professional services providers, including without limitation verification agents, escrow agents, auction agents, as may be necessary or appropriate in connection with its Bonds or other debt.

XVI. Market Relationships

A. Rating Agencies

The Deputy Director of Finance and Administration will be responsible for maintaining the Port's relationships with Moody's Investors Service, Standard & Poor's and Fitch Ratings. The Port may, from time-to-time, choose to deal with only one or two of these agencies as circumstances dictate. In addition to general communication, the Deputy Director of Finance and Administration will meet with credit analysts from the rating agencies: i) at least once each fiscal year to update the agencies on the Port's business operations and financial condition, and ii) prior to each competitive or negotiated sale.

All efforts will be made to accommodate reasonable requests for information from rating agencies. Communication may take the form of conference calls, one-on-one meetings, and Port tours.

B. Credit Enhancers, Current and Prospective Investors and Other Market Participants

The Deputy Director of Finance and Administration will be responsible for maintaining the Port's relationships and reputation with institutions which credit enhance or may credit enhance the Commission's debt, current and prospective investors in the Commission's debt and other market participants. When and if appropriate, communication with institutional investors may take the form of conference calls, one-on-one meetings, Port tours, and "virtual" road shows.

XVII. On-Going Debt Administration

A. Continuing Disclosure

The Port will remain in compliance with the Securities and Exchange Commission Rule 15c2-12 by filing its annual financial statements and other financial and operating data for the benefit of its bondholders and the investing public in a timely manner. While there is reliance on timely audit and preparation of the Port's annual continuing disclosure report, the Deputy Director of Finance and Administration will ensure the Port's timely filing of the following items on the Electronic Municipal Market Access (EMMA) website of the Municipal Securities Rulemaking Board (MSRB):

- i. The Port's annual disclosure report and associated materials, filed no later than 270 days following the end of the Port's fiscal year;
- ii. Changes in ratings by any of the credit rating agencies described in the Glossary of Terms which is attached to this Municipal Debt Policy; and
- iii. Material or other events for which notification to bondholders and investors is required in accordance with Rule 15c2-12.

The Deputy Director of Finance and Administration will also ensure that the Port's annual financial statements, annual disclosure report, and associated materials are posted on the Port web site.

B. Arbitrage Rebate Compliance and Reporting

The use and investment of bond proceeds must be monitored to ensure compliance with arbitrage restrictions. Existing regulations require that issuers calculate rebate liabilities related to any bond issues, with rebate paid to the Federal Government every five years and as otherwise required by applicable provisions of the Internal Revenue Code and regulations. The Deputy Director of Finance and Administration shall ensure that proceeds and investments are tracked in a manner that facilitates accurate, complete calculation; and, if necessary, timely rebate payments.

Arbitrage rebate liability shall be calculated annually in each year that a bond construction fund (or equivalent) has had an outstanding balance. Thereafter,

the Port shall calculate arbitrage rebate liability on the fifth anniversary of the bond issue in accordance with IRS recommended practices.

C. Insurance Certificates

The Port, through the City's Risk Manager, will provide annual insurance certification to Bond Trustees, and holders of other Port debt as and when required.

D. Reporting

- i. *Ratings*: The Deputy Director of Finance and Administration will promptly report credit agency ratings on new debt issues, and any rating changes on existing debt to: i) the Commission, ii) the Executive Director, and iii) the City's Office of Public Finance.
- ii. *Material Event*: The Deputy Director of Finance and Administration will promptly report any Rule 15c2-12 Material Event to : i) the Commission, ii) the Executive Director, iii) the City's Office of Public Finance, and iv) Electronic Municipal Market Access (EMMA).

E. Financial Modeling

The Deputy Director of Finance and Administration shall develop and maintain a five-year financial model to evaluate the financial impact on the Port's budget of proposed Bond issues and related expenditures, including without limitation debt service, revenues, operation and maintenance expense, and other related effects.

F. Outstanding Bonds Database

The Deputy Director of Finance and Administration shall maintain detailed information regarding the Commission's outstanding Bonds; including, without limitation, the following information with respect to each issue:

1. Name;
2. Initial principal amount, and principal amount for each maturity;
3. Dated date;
4. Purpose or purposes;
5. Type of issue, including new money or refunding, fixed rate or variable rate, and other features;
6. Method of sale;
7. True interest cost, arbitrage yield, and weighted average maturity;
8. Principal amount currently outstanding, in the aggregate and by maturity;
9. Debt Service Reserve Fund balance;
10. Underwriters and underwriters' discount;
11. Interest rates by maturity;

12. Call provisions, including any mandatory sinking fund provisions; and
13. Bond insurance or Credit Facilities, if any.

XVIII. Relationship with the City's Office of Public Finance

The Deputy Director of Finance and Administration shall maintain communications with the City's Office of Public Finance, through periodic meetings, conference calls and status reports, and may consult with such Office regarding the proposed issuance of bonds and other debt, credit and rating strategies, and other related matters. The Deputy Director of Finance and Administration shall provide the City's Office of Public Finance with copies of all preliminary and final Official Statements, financial statements, continuing disclosure reports, and notices of material events in connection with the Commission's Bonds.

XIX. Periodic Review

The Deputy Director of Finance and Administration shall review this Municipal Debt Policy on a periodic basis, and recommend any changes to the Executive Director and the Commission for consideration. This Municipal Debt Policy, including any proposed changes or additions hereto, shall be presented to the Commission at least once every five years for re-approval. The Municipal Debt Policy shall be posted in the Finance & Administration section of the Port's website at www.sfport.com.

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Advance Refunding:

For purposes of certain tax and securities laws and regulations, a refunding in which the refunded issue remains outstanding for a period of more than 90 days after the issuance of the refunding issue. The proceeds of the refunding issue are generally invested in Treasury securities or federal agency securities (although other instruments are sometimes used), with principal and interest from these investments being used (with limited exceptions) to pay principal and interest on the refunded issue. Bonds are "escrowed to maturity" when the proceeds of the refunding issue are deposited in an escrow account for investment in an amount sufficient to pay the principal of and interest on the issue being refunded on the original interest payment and maturity dates, although in some cases an issuer may expressly reserve its right (pursuant to certain procedures delineated by the Securities and Exchange Commission) to exercise an early call of bonds that have been escrowed to maturity. Bonds are considered "pre-refunded" when the refunding issue's proceeds are escrowed only until a call date or dates on the refunded issue, with the refunded issue redeemed at that time.

Amortization:

The gradual reduction in principal of an outstanding debt according to a specific repayment schedule, which details specific dates and repayment amounts on those dates.

Bond Counsel:

The legal firm that provides an opinion as to the tax status, authenticity and legality of a bond or note issue as of the date of its issuance.

Bond Insurance:

A financial guaranty issued by a private insurance company that guarantees the timely payment of principal and interest for a debt issue. In the event that an issuer is unable to make a timely payment, the company issuing the bond insurance is responsible to make the payment.

Call Provisions:

Mandatory or optional provisions that allow or require an issuer to prepay or refinance a bond prior to its stated maturity date. These provisions identify which bonds may be called, when they may be called, and what premium, if any, must be paid upon redemption prior to the stated maturity date of the bond.

Capitalized Interest:

Specific interest payments of a bond issue which are funded in advance, or capitalized, through proceeds of the same bond issue. These proceeds are set aside in a specially designated fund in order to pay these designated interest

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payments. In other words, the bond issue pays for itself for a designated period of time.

Commercial Paper:

Promissory notes issued by state and local governments to finance construction of facilities, which are secured by pledged revenues of the issuer and a credit agreement. Commercial paper is issued with a short maturity of 270 days or less from the date of issue.

Competitive Sale:

A method of sale in which an issuer solicits bids from underwriters to purchase its debt offering via electronic bidding, or other type of auction method. The issue is awarded to the bidder judged to have submitted the best bid by offering the lowest interest rate, taking into account underwriting spread, interest rates and any discounts or premiums. A competitive sale is most frequently used when the credit structure of the issue is relatively simple, market conditions are stable and the issue is highly rated or insured.

Coupon:

A colloquial term for a bond's interest rate. Historically, the coupon was a detachable part of a certificated security that evidenced interest due.

Credit Rating Agencies:

Firms that evaluate the credit quality and ability of debt issuers (corporations and governments) to repay obligations as well as their likelihood of defaulting on an obligation. The three major credit rating agencies are Moody's Investor Service, Standard and Poor's and Fitch Ratings, Inc.

Current Coupon Bonds:

Traditional "plain vanilla" bond issues where the bond's coupon is set at a fixed rate to maturity at the time of its issuance and immediately, upon issuance, begins to accrue interest, which is payable on pre-set interest payment dates.

Current Refunding:

A refunding transaction where the municipal securities being refunded will all mature or be redeemed within 90 days or less from the date of issuance of the refunding issue.

Debt Affordability:

The principal amount of debt that an issuer can afford within the constraints of net revenues and debt service coverage requirements.

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Debt:

A promise to pay back a specified sum of borrowed money, or the principal loan amount, according to a specified repayment schedule. For public entities, debt is usually incurred with a specific principal and interest repayment schedule.

Debt Service Coverage:

The ratio of the net revenue stream pledged against a debt to the debt service payments of the debt. Debt service coverage ratios are most often used by rating agencies to determine repayment sufficiency with respect to bonds secured by a specific revenue stream.

Debt Service Reserve Fund:

Traditional bond issues are structured with a debt service reserve fund, which assures the timely availability of sufficient moneys for the payment of debt service in the event that an issuer cannot make the required debt service payment(s). Typically, the required size of the reserve fund is determined by the lesser of: 100% of maximum annual debt service; 125% of average annual debt service; or 10% of the aggregate issue price. Reserve funds are usually fully funded out of bond proceeds and are set-aside in a separate fund held by the issue's trustee. Interest earned on the debt service reserve fund, as long as the debt service fund is fully funded, can be used to offset debt service payments.

Defeasance:

Termination of the rights and interests of the bondholders and of their lien on the pledged revenues or other security in accordance with the terms of the bond contract for an issue of bonds. Defeasance usually occurs in connection with the refunding of an outstanding issue after provision has been made for future payment of all obligations under the outstanding bonds through funds provided by the issuance of a new series of bonds.

Derivative Product:

A product, such as an option or futures contract, whose value is derived from the performance of an underlying security. A commonly used derivative is an interest rate swap

Disclosure Counsel:

The legal firm that provides the legal disclosure documentation for an issue, most often in the form of the preliminary and final official statement and continuing disclosure agreement, for dissemination to the public.

Discount Rate:

The interest rate used for adjusting for the time value of money for net present value calculations, option pricing models and other market models. The term

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"discount rate" can also refer to the rate that the Federal Reserve Bank charges its members for overnight deposits.

Financial Advisor:

Generally, an independent consulting firm that advises an issuer on financial matters ranging from the comprehensive financial health of an issuer to specific financings. Financial Advisors are generally not part of the underwriting syndicate that markets financings for an issuer.

Float Contracts:

A contract which gives an investment provider the right to invest, for certain time periods, certain uninvested moneys. Generally, a float period is a period of time in which moneys of an escrow or similar vehicle are uninvested.

Good Faith Deposit:

A sum of money or, alternatively, a surety bond provided to an issuer of a new issue of municipal securities by an underwriter or underwriting syndicate (i.e.; group of underwriters) as an assurance of performance on its offer to purchase the issue. Good faith deposits generally are required in connection with competitive sales and sometimes in connection with negotiated sales.

Hedging:

A strategy designed to reduce investment risk. A hedge can help reduce the risk and volatility of a portfolio. A common hedging strategy includes matching the amount of short-term assets (cash, investments) with the amount of short-term variable rate debt outstanding. Thus, as short-term interest rates fluctuate, the portfolio's interest earnings on its short-term assets match its interest payments on its short-term obligations.

Institutional Investor:

A term that generally refers to banks, financial institutions, bond funds, insurance companies or other business organizations that possess or control considerable assets for large scale investing.

Investment Agreement:

A contract between an investment provider and their client specifying the rights and responsibilities of each party in the structuring and operation of an investment product.

Letter of Credit:

Two types of letters of credit are used in bond and other debt financings; standby letters of credit and direct pay letters of credit. They provide credit enhancement

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for the debt issues by shifting the risk of repayment from the issuer (or entity who receives the debt proceeds) to the bank issuing the letter of credit. Letters of credit are usually required for the issuance of variable rate debt. Letters of credit also are used to provide liquidity.

A standby letter of credit (standby L/C) is an agreement issued by a commercial bank that commits the bank to pay third party (the beneficiary) contingent upon the failure of bank's customer to perform under the terms of a contract or agreement with the beneficiary. Used as a substitute for a performance bond or payment guarantee, standby L/Cs are used mainly in the U.S. where banks are legally barred from issuing certain types of guarantees. For bond or debt holders it serves as a secondary source of payment, in case the issuer fails to meet its payment obligations. As such, it serves as a source of credit enhancement for the debt issuance. Standby L/Cs also provide liquidity for bond holders in cases where bond tendered cannot be remarketed within the required timeframe.

A direct pay letter of credit (direct pay L/C) is an agreement issued by a commercial bank that commits the bank to pay third party (the beneficiary) upon a request presented by the beneficiary to the bank issuing the L/C. In the context of debt issuance, the direct pay L/C bank stands between the debt holders and the debt issuer insuring that the debt holders are paid. The debt holders draw on the direct pay L/C for the payment of principal and interest on their debt. The direct pay L/C bank relies on same day reimbursement from the debt issuer (or entity who received the debt proceeds) for the payment made to the debt holders.

Line of Credit:

An arrangement in which a bank or other financial institution extends a specified amount of unsecured credit to a specified borrower for a specified time period.

Liquidity Facility:

Variable rate securities are often secured by a liquidity facility, either in the form of a standby letter of credit or a line of credit. Such credit enhancement assures note holders that in the event of a tender and failed remarketing, funds will be available to purchase the notes on the tender date, with the issuer becoming obligated to the letter of credit or line of credit bank on a prearranged basis.

Long Term Debt:

Loans and other financial obligations with a maturity of longer than one year; usually accompanied by interest payments.

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Maturity Date:

The date upon which a specified amount of debt principal or bonds matures, or becomes due and payable by the issuer of the debt.

Negotiated Sale:

A method of sale for bonds, notes or other financing vehicles in which an issuer selects in advance, on the basis of proposals received or by other means, one or more underwriters to work with it in structuring, marketing and finally offering an issue to investors. The negotiated sale method is often used when the issue is: a first time sale by a particular issuer (a new credit), a complex security structure, such as a variable rate transaction, an unusually large issue, or in a highly volatile or congested market.

Net Revenue:

Gross revenues less operating and maintenance expenses.

Official Statement:

A comprehensive statement issued by a governmental entity prior to the sale of bonds, notes or other financing vehicles that contains all the salient facts concerning the issuer, the issuer's financial condition, the security pledged for the securities being offered, the projected use of the proceeds of the sale, and other facts deemed necessary to enable the investor to judge the quality of the securities being offered. Also known as the Disclosure Statement.

Par:

100 percent of the face value of a security.

Present Value Analysis:

An analysis used to determine the value today of a future payment, or to a stream of payments, discounted at some appropriate compound interest – or discount rate.

Private Placement:

A private placement is a variation of a negotiated sale in which an issuer, usually with the help of a financial advisor or placement agent, will attempt to place the entire issue directly with an investor. The investor will negotiate the specific terms and conditions of the financing before agreeing to purchase the issue.

Redemption:

Depending on an issue's call provisions, an issuer may on certain dates and at certain premiums, redeem or call specific outstanding maturities. When a bond or certificate is redeemed, the issuer is required to pay the maturities' par

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amount, the accrued interest to the call date, plus any premium required by the issue's call provisions.

Remarketing Agent:

A broker-dealer responsible for reselling to new investors securities (such as variable rate demand obligations and other tender option bonds) that have been tendered for purchase by their owner. The remarketing agent also typically is responsible for resetting the interest rate for a variable rate issue and also may act as tender agent.

Retail Investor:

Any customer other than an institutional customer. Retail customers generally include individual investors and small organizations.

Rule 15c2-12:

A Securities and Exchange Commission obligation on public issuers of securities to provide annual updating of financial information and operating data of the type included in the official statement for the primary bond offering. The issuer is obligated to provide a notice of the occurrence of certain material events.

Rule 15c2-12 Material Event:

Certain events affecting a municipal debt issuance are required to be disclosed to debt holders and investors under a continuing disclosure agreement meeting the requirements of Rule 15c2-12. These events include the following, if material: i) principal and interest payment delinquencies; ii) non-payment related defaults; iii) unscheduled draws on debt service reserve funds reflecting financial difficulties; iv) unscheduled draws on credit enhancements reflecting financial difficulties; v) substitution of credit or liquidity providers, or their failure to perform; vi) adverse tax opinions or events affecting the tax-exempt status of the debt; vii) modifications to rights of the debt holders; viii) bond calls; ix) defeasances; x) release, substitution, or sale of property securing repayment of the underlying debt; xi) rating changes; and xii) failure to provide annual financial information as required.

Securities:

Instruments of debt or ownership sold or traded on publicly organized exchanges and/or in over-the-counter markets.

Senior Lien Debt:

Debt whose terms require it to be repaid with a priority claim on pledged revenues.

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Short-Term Debt:

Generally, debt which matures in one year or less. However, certain securities that mature in less than five years may be considered short-term debt.

Subordinate Lien Debt:

Debt whose terms require it to be repaid with pledged revenues net of the amount necessary to make debt service payments on senior lien debt.

Surety Bond:

An alternative to a fully funded debt service reserve fund. A surety bond can be purchased from a bond insurance provider to fulfill the role of a debt service reserve fund and can be drawn upon in the event an issuer cannot make a regularly scheduled debt service payment. A surety bond must be purchased and is subject to credit approval by a bond insurance provider. The provider charges an upfront fee for the surety bond of approximately 3.00% to 5.00% of the debt service reserve requirement.

Tender:

With variable rate debt, a bond or note holder has the option of tendering or putting his or her bonds or notes back to the remarketing agent upon specific dates (monthly, weekly) for the full par amount held. The remarketing agent then re-offers the tendered notes to investors. The proceeds received by the remarketing agent from the sale of the tendered notes are paid to the tendering note holder in full satisfaction of the obligation to purchase the notes on the tender date. A new interest rate is set at the lowest rate necessary to remarket the tendered notes at par.

Tender Agent:

In the case of tender option bonds, an agent of the issuer to whom bondholders tender their bonds upon a mandatory or optional tender. In many cases, the tender agent will also act as the remarketing agent for the bonds. In the case of a tender offer, a broker-dealer or bank responsible for coordinating the process of soliciting bondholders.

Tender Option:

A provision in a bond contract under which the investor has the right, on specified dates after required notification, to surrender (or sell) the securities to the issuer (or someone acting on the issuer's behalf, such as a tender agent) at the predetermined price (usually par). This is sometimes referred to as an "optional tender" or a "put option." Tender options are generally backed by a bank standby letter of credit or line of credit.

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Trading Differential:

The interest rate spread between similar bond/note maturities based upon differences in credit quality, state tax issues and tax-exempt status of various bond issues.

Underwriter:

A securities dealer who purchases a bond or note issue from an issuer and resells it to investors. If a syndicate or selling group is formed, the underwriter who coordinates the financing and runs the group is called the senior or lead manager.

Variable Rate Demand Bonds (or Notes):

Variable rate demand bonds, which are often referred to as floating rate debt, are instruments that provide the purchaser with an option to tender or "put" the bonds back to the issuer, at par, at the end of each tender or "re-set" period. For example, an issue with a term of 30 years could have a tender period that is daily, weekly, monthly, quarterly or semi-annually. Since the variable rate bonds give the purchaser the option of a put at par at the end of each tender period, the yield on each bond approximates the yield on comparably rated securities having a final maturity equal to the selected tender period. In other words, a holder of an issue with a weekly tender period is only entitled to a seven-day interest rate. Variable rate issues can be viewed as short-term instruments containing a built-in refinancing mechanism.

Weighted Average Maturity:

With respect to an issue of bonds, the weighted period of time required to repay half of the issue through scheduled principal payments (e.g., maturity, sinking fund redemption, etc.). The weighted average maturity, also referred to as the "weighted average life" or "average life" reflects how rapidly the principal of an issue is expected to be paid. Under one commonly used calculation method, average life is equal to the total bond years divided by the total number of bonds (one bond equals \$1,000 par amount, regardless of actual denomination). Note that this computation method does not take into account the time value of the principal amounts. The formula for this computation is:

$$\text{Weighted average maturity} = \frac{\text{Total Bond Years}}{\text{Number of Bonds}}$$

Example:

For each specific maturity, bond years = the amount of principal maturing in that year X the number of years from the closing date of the bond issue to the specific maturity.

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<u>Period</u>	<u>Principal Maturing</u>	<u>Bond Years</u>
1	2,000,000	2,000,000
2	4,000,000	8,000,000
3	<u>6,000,000</u>	<u>18,000,000</u>
Totals	12,000,000	28,000,000

Weighted average maturity (or average life) = $28,000,000 / 12,000,000 = 2.333$ years.

Yield:

The net rate of return, as a percentage, received by an investor on an investment. Yield calculations on a fixed income investment, such as a bond issue, take purchase price and coupon into account when calculating yield to maturity.

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Guide to Credit Agency Ratings**

Long Term Debt Ratings	S&P	Moody's	Fitch
Financial Strength/Debt Service Repayment Characteristics			
The highest rating awarded by the respective credit rating agency. Debt carries the lowest degree of investment risk. Obligor's capacity to meet its financial commitments is extremely strong, and this capacity is highly unlikely to be adversely affected by foreseeable events.	AAA	Aaa	AAA
The obligor's capacity to meet its financial commitments is very strong and risk of default is very low. Financial capacity is not significantly vulnerable to foreseeable events. This category is distinguished from the category above in the margin of protection, which is not as large, or the long term risks appear to be greater as that of the higher category. Debt in this category, together with debt in the category above, are generally referred to as high grade obligations.	AA	Aa	AA
The capacity of the obligor for payment of financial commitments is considered to be strong. However, this capacity is more vulnerable to adverse business or economic conditions than is the case for debt in the higher rated categories. Debt in this category are considered to be upper medium grade obligations.	A	A	A
The obligor's risk of default is low, and its capacity to meet its financial commitments is considered to be adequate at present. However, adverse business or economic conditions are more likely to impair its capacity to meet financial obligations. Debt in this category is neither highly protected nor poorly secured, and are considered to be medium grade obligations.	BBB	Baa	BBB
<p style="text-align: center;"><i>Debt in the Above Categories are Considered Investment Grade Obligations</i></p> <p style="text-align: center;"><i>Debt in the Categories Below are Considered to be Speculative Obligations</i></p>			
Debt in this category is more susceptible to default, particularly in the event of adverse changes in business or economic conditions. Often the obligor's capacity to meet interest and principal payment is only moderate. Debt in this category, however, is less vulnerable to default than debt in the lower speculative categories.	BB	Ba	BB
There is a material risk of default present for debt in this category, but a limited margin of safety remains. The obligor currently has the capability to meet its financial commitments, however, the capacity for continued payment is vulnerable to deterioration in the business and economic environment.	B	B	B

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Long Term Debt Ratings (cont) Financial Strength/Debt Service Repayment Characteristics	S&P	Moody's	Fitch
Debt in this category is currently vulnerable to default. The obligor is dependent upon favorable business, financial, and economic conditions to meet its financial commitment on the obligation.	CCC	Caa	CCC
Debt in this category is highly vulnerable to default.	CC	Ca	CC
Default is imminent or inevitable. This rating category may also be used to cover situations where: i) the obligor has entered into a grace or cure period following non-payment of a material financial obligation; ii) the obligor has entered into a temporary negotiated waiver or standstill agreement following a payment default on a material financial obligation; iii) the obligor has filed a bankruptcy petition, but payment on the debt are being continued. For Moody's this is the lowest rated class of debt.	C	C	C
Debt is in nonpayment default.	D	-	D
Modifiers			
Long term debt ratings from AA to CCC may be modified by following signs to show the relative strength within a ratings category.	+ or -		+ or -
Long Term ratings from Aa to Caa may be modified to show the relative strength within a ratings category 1 indicates debt at the higher end of the category, and 3 indicates debt at the lower end.		1, 2, 3	
Short Term Debt Ratings (debt maturing in one year or less) Financial Strength/Debt Service Repayment Characteristics	S&P*	Moody's	Fitch
The issuer has strong capacity for timely payment of financial commitments. In the case of S&P and Fitch a "+" may be added to those debt issues with exceptionally strong credit protection characteristics.	A-1	P-1	F-1
The issuer has good capacity for timely payment of its financial commitments, however, the degree of safety regarding timely repayment is not as high as those issues rating in the higher category.	A-2	P-2	F-2
The issuer has adequate capacity for timely payment of its financial commitments. Variability in earnings and the profitability of the issuer may result in changes in the level of safety regarding timely repayment.	A-3	P-3	F-3
<i>Debt in the Above Categories are Considered Investment Grade Obligations</i>			
* in the case of S&P, ratings are for commercial paper issues only.			

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Short Term Debt Ratings (debt maturing one year or less) (cont) Financial Strength/Debt Service Repayment Characteristics	S&P*	Moody's	Fitch
<i>Debt in the Categories Below are Considered to be Speculative Obligations</i>			
The issuer has minimal capacity for timely payment of financial commitments, and has an increased vulnerability to near term adverse changes in financial and economic conditions. Timely payment is considered speculative for debt issues with this rating.	B	NP	B
Capacity for payment is considered doubtful for debt issues with this rating.	C	NP	C
Debt is in nonpayment default.	D	NP	D
* in the case of S&P, ratings are for commercial paper issues only.			
Short Term Debt Ratings (debt maturing in one year or less) Financial Strength/Debt Service Repayment Characteristics	S&P**		
The issuer has strong capacity for timely payment of its financial commitment. A "+" may be added to those debt issues with exceptionally strong credit protection characteristics.	SP-1		
The issuer has good capacity for timely payment of financial commitments, however, the degree of safety regarding timely repayment is not as high as those issues rating in the higher category.	SP-2		
The issuer has minimal capacity for timely payment of financial commitments. Timely payment is considered speculative for debt issues with this rating.	SP-3		
** ratings are for short term debt other than commercial paper.			



MEMORANDUM

July 9, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Request approval of the Port's Proposed 2009/10 Revenue Bond Projects

DIRECTOR'S RECOMMENDATION: Approve the attached resolution

Background

Section 9.112 of Article IX of the City and County of San Francisco's Charter entitled "Revenue Bonds of the Port Commission" gives the Port Commission (the "Commission") "exclusive power to perform or accomplish the issuance of revenue bonds for Port-related purposes." The purpose of this item is to seek Port Commission approval of the list of projects to be funded with Port revenue bonds (the "Projects"). This legislation does not bind the Port Commission to make any expenditure, incur any indebtedness or proceed with the Projects.

Port Revenue Bonds – Definitions and Debt Capacity

The proposed Port revenue bonds (the "Bonds") will be debt that the Port repays from (and is secured by) the Port's existing general operating revenues. The Port's net revenues¹ over the past five years have been between \$12 and \$18 million. However, given the recent economic downturn, it is likely that the Port's actual FY 2008-09 net revenues will be less than the Port experienced the prior five years. Thus, conservatively assuming annual net revenues of \$10 million, a 6% interest rate, and a 1.30 debt service coverage requirement, the Port's fully-leveraged debt capacity is \$106.4 million of which \$95 million would be available to cover project costs and \$11.4 million to fund debt issuance costs and a debt service reserve fund. Under this scenario, the annual debt service capacity would be \$7.7 million. The Port's FY 2009-10 budget includes approximately \$4.7 million for debt service. Making the same assumptions

This Print Covers Calendar Item No. 9B

¹ For purposes of determining debt capacity, net revenues are defined as operating revenues less operating expenses.



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noted above, \$4.7 million in annual debt service will allow the Port to issue \$66 million in revenue bonds of which \$60 million would be available to fund project costs and \$6 million² to fund bond issuance costs and a debt service reserve fund.

Issuing revenue bonds at a \$4.7 million annual cost rather than funding smaller capital projects allows the Port to fund more improvements sooner. In other words, the Port could use the \$4.7 million budgeted for debt service payments in FY 2009-10 to fund capital projects such as repairing aprons and roofs or portions of the projects listed below often referred to as pay-as-you-go. It would take almost 13 years of spending \$4.7 million annually on capital improvement projects to reach the \$60 million the Port will be able to spend through issuing revenue bonds. The Port would not be able to efficiently and effectively deliver a larger project such as the cruise terminal through annually allocating \$4.7 million to fund a portion of the project. For example, there are economies of scale associated with issuing one construction contract versus several construction contracts. In addition, inflation erodes the value of \$4.7 million such that the present value of \$4.7 million 13 years from today is worth considerably less. Thus, while the Port could allocate \$4.7 million annually to smaller capital projects, as described in more detail below, the Port can accomplish significantly more by allocating that \$4.7 million towards annual debt service to fund larger projects that will help the Port grow its annual revenues and improve the City's waterfront sooner and more efficiently. In addition, the benefits of these projects accrue over 30 years, matching the debt and project costs to the 30-year lifespan of the projects.

Allocation of Revenue Bond Proceeds

As previously noted, the Port is in a position to issue up to approximately \$66 million in Port revenue bonds³ beginning in FY 2009-10 for which Port staff propose to fund the following five projects totaling \$60 million:

Cruise Terminal at Pier 27⁴

\$22,000,000

A new, state-of-the-art sustainable multi-use cruise terminal at Pier 27, the location recommended by the Port's Cruise Terminal Advisory Panel and the berth utilized by the Queen Mary II in 2007. The project includes constructing the Northeast Wharf Plaza on the western corner of Pier 27 and a restaurant adjacent to the Northeast Wharf Plaza.

Piers 19 or 23

18,000,000

Port managed development of an underutilized pier. The Project includes substructure repairs and upgrades to one pier only. Port staff will recommend selection of

² \$4.7 million for a debt service reserve fund and \$1.3 million to cover debt issuance costs.

³ As previously noted, the par bond amount would be \$66 million of which \$60 million would be available to fund project costs.

⁴ The proposed \$22 million of revenue bond funding for the Cruise Terminal project represents partial funding. The Port has already allocated to the Cruise Terminal project \$20 million from receipts associated with the sale of the Watermark Condominiums located at Bryant Street and The Embarcadero.

Pier 19 or 23 after completing a planning process with the San Francisco Bay Conservation and Development Commission (BCDC) staff. The Port would enter into 10-year leases for office space in the shed and lease the bulkhead buildings for retail and restaurant use. Modeled after Pier 9, tenants would be responsible for tenant improvements.

Pier 33 North 2,000,000

Make improvements to the second floor of Pier 33 North to allow leasing of currently unusable space.

Pier 50 Entryway 10,000,000

Repairs to the driveway access to the Port's Pier 50 Maintenance Facility to continue the use of Pier 50 for Port and tenant activities.

Backlands Improvements & Seawall Repair 8,000,000

Infrastructure improvements to the Port's Backlands area to expand the Port's Eco-Industrial Park and other leasing activity at the site.

Financing Costs 6,000,000

Total \$66,000,000

Public Necessity

Port staff developed this list of Projects through an inter-divisional planning effort focusing on identifying projects that would (1) most benefit the Port financially by transforming under-utilized Port assets into performing assets, (2) meet the Port's maritime and public access missions, and (3) ensure the safety of Port employees. All of the Projects listed above meet at least one of those criteria. The Cruise Terminal at Pier 27 meets two of the criteria by increasing the Port's annual revenues through the proposed restaurant and special event uses of the facility while meeting the Port's maritime and public access missions by providing a cruise terminal and public plaza. The Pier 50 Entryway project will ensure the safety of the Port's maintenance employees but will most likely not increase the Port's annual revenues. Port staff estimate that once all of the projects are complete the Port's annual revenues should increase by approximately \$6 million as the result of new leasing activity while adding 877 permanent jobs to San Francisco's economy and \$1 million in new annual General Fund tax revenues to the City's budget. All of the above noted benefits of the proposed projects to be funded with a Port revenue bond and the lack of alternative funding sources constitute the public necessity of the Port's revenue bond.

The Port's recently adopted 10-year Capital Plan identified the Projects and their funding source; however, Port staff did not specifically request Port Commission

approval of the Projects when the Capital Plan was adopted by the Port Commission. Port staff made an informational presentation on the proposed list of Projects at the May 12, 2009 Port Commission meeting. Mayor Gavin Newsom supports funding these projects with the Port's revenue bond funds. It is important to note that selecting these projects to be funded with a Port revenue bond means that the Port will not be funding other potential Port projects itemized in the Port's 10 Year Capital Plan until other funding can be identified.

The federal stimulus package provides an incentive to act quickly since it eliminated Alternative Minimum Tax ("AMT") penalties associated with the type of debt the Port and Airport issue if such debt is issued during the next two years, 2009 and 2010⁵. Eliminating the AMT has the corresponding effect of reducing the interest rate on the Bonds, thereby reducing the Port's interest expense. In short, this is an ideal time for the Port to issue revenue bonds and begin construction projects that help the Port continue repairing and upgrading the City's waterfront while acting as an economic stimulus during the current recession.

Revenue Bond Structure, Repayment Program, and Financing Team

At this time, we expect to issue 30 year revenue bonds with a fixed interest rate through a negotiated sale to retail and institutional buyers. As previously noted, we are expecting a 6% interest rate assuming the Port will receive an "A" rating on its bonds or the same rating the Port has received when it refunded its revenue bonds in 2004. The Port's Financial Advisors are Bob Gamble from Public Financial Management (PFM) and Vince McCarley from Backstrom, McCarley, Berry and Co. The Port's Bond Counsel is Sean Tierney from Hawkins Delafield and Co-Counsel is Bill Lofton with Lofton and Jennings. We have issued a Request for Proposal (RFP) to the City's pool of bond underwriters from which we expect to award a contract by the end of July 2009. We'll inform the Port Commission of the selected bond underwriters at a future Port Commission meeting.

Anticipated Port Revenue Bond Issuances

At this time, we expect to issue Port revenue bonds later this fall to fund design costs associated with the Cruise Terminal and Piers 19 or 23 projects and construction of the Pier 50 Entryway, Backlands, and Pier 33 projects. We anticipate issuing the balance of revenue bonds to fund construction of Piers 19 or 23 and the Cruise Terminal projects in FYs 2010-11 or 2011-12 depending on the outcome of the CEQA, design, and permitting processes for these projects. Port staff will return to the Port Commission at a fall 2009 Commission meeting requesting authorization to issue and appropriate revenue bond funds as well as approve the required documents to execute the sale of revenue bonds such as the Preliminary Official Statement, the Continuing Disclosure Certificate, the Indenture of Trust, the Escrow Agreement, and the Bond Purchase Agreement.

⁵ Port and airport facilities usually include a certain amount of private sector activities such as retail and restaurants. Thus, the IRS normally does not allow interest earned on such port or airport bonds to be tax free to the investor. As a result, port and airport bonds, while still municipal bonds, are considered quasi-taxable debt through the application of the AMT on the investor's bond income. Investors in such bonds have to be compensated by charging issuers higher interest rates thereby increasing port and airport interest expense relative to true tax exempt bonds.

Conclusion

In summary, the Port is preparing to issue up to a total of \$66 million in revenue bonds starting in the fall of 2009 for which Port staff wish to fund several projects totaling \$60 million that will repair and upgrade five of the Port's facilities and areas. Most of those projects will result in improved revenues to the Port through new leasing activity as well as meet the Port's maritime and public access missions. As such, Port staff request approval to fund the following projects with Port revenue bond funds: Cruise Terminal at Pier 27, Piers 19 or 23, Pier 33 North, Pier 50 Entryway, and the Backlands Improvements and Seawall Repairs.

Prepared by: Tina Olson, Deputy Director
Finance and Administration

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-39

- WHEREAS, Section 9.112 of Article IX of the City and County of San Francisco's Charter entitled "Revenue Bonds of the Port Commission" gives the Port Commission exclusive power to perform or accomplish issuance of revenue bonds for Port-related purposes; and
- WHEREAS, Assuming \$10 million in net Port revenues, a 6% interest rate, and 1.30 debt service coverage requirement, the Port's fully-leveraged debt capacity is \$106.4 million of which \$95 million would be available to fund project costs; and
- WHEREAS, A \$106.4 million revenue bond requires the Port to budget \$7.7 million for annual debt service payments; and
- WHEREAS, The Port's FY 2009-10 budget includes \$4.7 million for annual debt service payments that will support a \$66 million revenue bond of which \$60 million would be available to fund project costs; and
- WHEREAS, On July 1, 2009 the Port of San Francisco retired its existing revenue bond debt; and
- WHEREAS, The Port Commission wishes to issue new Port revenue bonds to fund projects that will financially benefit the Port of San Francisco, meet the Port's Maritime and Public Access missions and ensure the safety of Port employees; and
- WHEREAS, The following Port projects (collectively, the "Projects") will financially benefit the Port, meet the Port's Maritime and Public Access missions, and/or ensure the safety of Port employees: Cruise Terminal at Pier 27, Piers 19 or 23, Pier 33 North, Pier 50 Entryway, and the Backlands Improvements and Seawall Repairs all of which constitute the public necessity for issuing Port revenue bonds; and
- WHEREAS, The Port Commission has determined that it would be inefficient to fund these Projects through annual allocations in the Port's capital budget; and
- WHEREAS, The Port Commission has not identified another source of funds for these Projects; now, therefore, be it

RESOLVED, The Port Commission approves the use of Port revenue bonds to fund the Cruise Terminal at Pier 27, Piers 19 or 23, Pier 33 North, Pier 50 Entryway, and the Backlands Improvements and Seawall Repairs projects; and, be it further

RESOLVED, The Port Commission adopts this resolution solely for the purpose of approving the Projects through the issuance of Port revenue bonds. This Resolution does not bind the Port Commission to make any expenditure, incur any indebtedness or proceed with the Projects.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 14, 2009.

Secretary



MEMORANDUM

July 9, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Request approval of a Reimbursement Resolution Related to Proposed Port Revenue Bond Issuance

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution

Background and Discussion

As discussed in more detail in Item 10A on the July 14, 2009 Port Commission agenda, the Port is preparing to issue up to \$66 million of Port revenue bonds starting in the fall of 2009 to fund various phases of several Port capital projects. Section 1.150-2 of the Treasury Regulations requires the Port to have a resolution adopted by the Port Commission and the Board of Supervisors which allows the Port to use bond proceeds for reimbursement purposes. Specifically, the proposed resolution allows the Port to use bond proceeds to reimburse expenses associated with the Port's bond-funded projects incurred in the future or within 60 days prior to the date of the adopted resolution. The proposed resolution does not bind the Port Commission or the Board of Supervisors to actually issue bonds or other form of debt financing.

At this time, Port staff expect to reimburse costs related to the bond issuance itself such as those associated with the Financial Advisor, Bond Underwriters, and Bond Counsel services as well as Trustee and Rating Agency fees. We also expect to reimburse costs associated with the California Environmental Quality Act (CEQA) fees and related services provided by the City's Department of City Planning for the revenue bond funded projects.

This Print Covers Calendar Item No. 9C

Port staff may also reimburse expenses associated with the planning and design phase of the Cruise Terminal project. Port staff will seek an appropriation of bond proceeds when it requests authorization to issue the bonds in the fall that will identify which costs to reimburse with the bond proceeds.

Conclusion

In short, Section 1.150-2 of the Treasury Regulations requires the Port to have a resolution adopted by the Port Commission and the Board of Supervisors allowing for the use of bond proceeds to reimburse eligible issuance and project costs incurred prior to issuing bonds. Such resolution does not bind the Port Commission or the Board of Supervisors to issue any bonds or other form of debt financing. Assuming the Port Commission adopts the proposed resolution, Port staff will subsequently submit a similar resolution to the Board of Supervisors for review and approval.

Prepared by: Tina Olson, Deputy Director
Finance and Administration

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-40

- WHEREAS, The Port Commission desires to pay for the construction and reconstruction of certain improvements to various Port of San Francisco projects, and all other works, property, and structures necessary or convenient for the foregoing purposes ("the Projects"); and
- WHEREAS, The Port expects to pay sixty (60) days prior to the date hereof and on and after the date hereof certain costs incurred in connection with the Projects; and
- WHEREAS, The Port Commission intends to issue Port revenue supported bonds to finance the costs of the Projects; and
- WHEREAS, The Port Commission hereby determines that the moneys advanced and to be advanced to pay certain expenditures are or will be available only for a temporary period and it is necessary to reimburse all such expenditures made within 60 days prior to or on and after the date hereof with respect to the Projects from the proceeds of one or more issuances of Port revenue supported bonds (the "Bonds"); and
- WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Port Commission to declare its reasonable official intent to reimburse prior expenditures for the Projects with proceeds of a borrowing; now, therefore, be it
- RESOLVED, by the San Francisco Port Commission as follows:

Section 1. The Port Commission hereby finds and determines that the foregoing recitals are true and correct.

Section 2. This Resolution is adopted by the Port Commission solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This Resolution does not bind the Port Commission to make any expenditure, incur any indebtedness or proceed with the Projects.

Section 3. The Port Commission hereby declares its official intent under Treasury Regulations Section 1.150-2 and declares its intent to use proceeds of indebtedness to reimburse all expenditures incurred in the future, or within 60 days prior to the date hereof, in connection with the Projects. The Port Commission hereby further declares its intent to use such proceeds to reimburse the Port of San Francisco as the case

may be, for actual expenditures made by the Port of San Francisco on the Projects.

Section 4. Each expenditure was and will be either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the Port of San Francisco so long as such grant does not impose an obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the Port of San Francisco.

Section 5. The maximum principal amount of debt expected to be incurred for the Projects is \$66 million.

Section 6. All actions heretofore taken by any appropriate official or employee of the Port of San Francisco with respect to the Projects are hereby approved, confirmed and ratified.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 14, 2009.

Secretary

SAN FRANCISCO PORT COMMISSION

**JULY 14, 2009
MINUTES OF THE MEETING**

GOVERNMENT
DOCUMENTS DEPT

AUG - 6 2009

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**MEMBERS, PORT COMMISSION
HON. RODNEY FONG, PRESIDENT
HON. STEPHANIE SHAKOFSKY, VICE PRESIDENT
HON. MICHAEL HARDEMAN
HON. ANN LAZARUS**

**MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY**

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING JULY 14, 2009

1. CALL TO ORDER / ROLL CALL

Commission President Rodney Fong called the meeting to order at 2:03 p.m. The following Commissioners were present: Rodney Fong, Michael Hardeman and Ann Lazarus. Commissioner Stephanie Shakofsky was not present.

2. APPROVAL OF MINUTES - June 9, 2009

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; the minutes of the June 9, 2009 were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

At 2:04 p.m., the Port Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS:

- a. Discuss existing litigation matters pursuant to California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (3 cases; Information and Action Items):
 - In re Pier 38 Maritime Recreation Center, Inc. (Debtor), U.S. Bankruptcy Court, Northern District of California, San Francisco Division, Chapter 11 (Case No. 07-31444 DM 11), and Pier 38 Maritime Recreation Center, Inc. and Carl Ernst Jr. v. City and County of San Francisco; Port Commission of San Francisco (Adversary Proceeding No. 07-31443).

- City and County of San Francisco v. Carl Ernst, Jr., and Pier 38 Maritime Recreation Center, Inc.; San Francisco Superior Court (Case No. CUD-07-621476)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. **This session is closed to any non-City/Port representative.***

- a. Property: Pier 15/17 (Embarcadero at Green Street)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*The Exploratorium: Dennis Bartels

At 3:15 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Lazarus made a motion to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Lazarus made a motion to not disclose any information discussed in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

5. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

The Commission Secretary announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

6. EXECUTIVE

A. Executive Director's Report: Executive Director Monique Moyer reported the following:

- Installation of Commissioner Rodney Fong as Chair of the San Francisco Convention & Visitors Bureau – July 7, 2009

President Rodney Fong has been officially installed as the Chair of the San Francisco Convention and Visitors Bureau. He is following a long line-up of people who have been fantastic to the Port. He is picking up where our friend Pat Gallagher left off. The installation luncheon in which they

both spoke to about a thousand people was a fantastic day for the Port. The Port was mentioned so many times. It was gratifying. Commissioner Fong has been a member of the Board of Directors of the Convention and Visitors Bureau since 2000 and on the executive committee until 2007. Between Commissioner Fong and outgoing President Pat Gallagher, they've cited many projects central to the future of San Francisco. The cruise terminal at Pier 27 came up repeatedly. The Exploratorium came up repeatedly, the development of Parking Lot A and other projects. It was a very impressive presentation and many of the photos were displayed for all. She congratulated Commissioner Rodney Fong and she hopes that brings us great things as it has under Pat's leadership and before him, Herb Myers, and before him, Susie McCormick.

- San Francisco Convention and Visitors Bureau's 2009 Silver Cable Car Award Winner - Fisherman's Wharf

The Fisherman's Wharf was recognized by the San Francisco Convention and Visitors Bureau with their prestigious Silver Cable Car Award. The award goes to an individual or organization that has made a significant contribution to San Francisco. The award was presented by District Supervisor and President David Chiu and it was accepted by many of the Port's tenants, in particular Trevar Booker of Alioto's and Kevin Carroll of the Community Benefit District. It was the ninety-ninth year of the Convention and Visitors Bureau's annual luncheon. Commissioner Fong will preside over the hundredth year.

Other awardees of the Silver Cable Car in the past have included Herb Cain, Willie Mays and Steve Silver of *Beach Blanket Babylon*. It's a very high honor and it's wonderful to have renewed interest in Fisherman's Wharf.

- San Francisco Giants County Fair – July 9 to 19, 2009

The SF Giants kicked off their inaugural county fair in the northeast corner of Parking Lot A. It looks fantastic when it's lit up at night. It will run from July 9 through July 19. There are 20 carnival rides and the Giants baseball zone. They're expecting about 1000 to 3000 patrons daily. They have live music, and they'll be closing the show on Saturday night, July 18, with Kenny Chesney, the Academy of Country Music's Entertainer of the Year. She gave kudos to the Giants executives for securing such a great venue. She hopes to see the fair over and over again, and looks forward to great success there.

- San Francisco Bay Conservation and Development Commission's Rising Tides Competition Exhibit at Ferry Building – July 9 to 19, 2009

Today the San Francisco Bay Conservation and Development Commission announced the winner of their Rising Tides competition. The

130 entries to combat rising tides in the San Francisco Bay are on display to the left of the Port Commission hearing room. Some of them are amazing. One of her favorites, for various reasons, is the Golden Lock, which would actually be built under the Golden Gate Bridge and prevent water from coming in, a very novel idea.

There were 130 entries from 18 different countries, including an entry from the Port's Engineering division, Kim von Blon and Steven Reel. The Port was a sponsor of this event, together with NOAA, Equity Office Partners, the San Francisco AIA, and BPS Reprographics.

Today, BCDC had anticipated announcing only one winner but announced six winners instead. The winner was supposed to get \$10,000 but the entries were so compelling. They felt that the six entries that were chosen went together in more of a programmatic response so they ended up awarding six. Five of the award winners are either working or living in San Francisco Bay. She encouraged everyone to do a quick loop because some of the ideas are just incredible to think about.

- Mexican Tall Ship Cuauhtemoc - July 13 to 17, 2009 at Pier 27

Today, we are honored to welcome the Mexican tall ship *Cuauhtemoc*. She sailed in yesterday with approximately 220 Navy officials on board. They had all the Navy officers climb the masts and were spread out across the masts. It was incredible to see.

The ship is a Navy vessel. She's coming in from Asia into San Francisco, and then home to Acapulco. She's been sailing since the beginning of February. While it's a naval ship, they do try to sail under natural sail instead of engineered power, so it's taken them 34 days to cross the Pacific. The purpose of their visit here is to represent the people of Mexico and to bring a message of peace.

The ship is open to the public and it's free. There is a tremendous crowd out there already checking her out. She's absolutely gorgeous, made entirely of wood and obviously very well cared for. She encouraged everyone to see her while she's here through July 18th.

- Ferry Plaza Farmer's Market Introduces New Thursday Market

There was a fantastic turnout for the farmer's market today, partially due to the weather and partially due to all the great things happening on the waterfront. Starting at the beginning of July, the farmers market began operating a Thursday market with new street vendors and an exciting selection of peak-season farm stands.

- Commendation for Bill Schiavo, Electrical Supervisor, on his retirement

One of our stalwarts, one of our miracle workers, Bill Schiavo is retiring after nine and a half years as the head of our electric shop. Since the time that she's been at the Port, we've come to rely on Bill for repair projects or budgetary requests. We've often tried to allude to or explain the complexity of the electrical and other systems here at the Port. Bill's responsibility is no easy task. Over the years, he has done fantastic work for the Port, including working on installing the customs and border protection radiation portal monitors at Pier 80. He helped us run emergency backup power to Pier 1, so that in the event of an emergency, we have generated power. He's helped us with security lighting on 20th Street to protect the Pier 70 assets.

Most importantly, when we were looking to welcome the *Queen Mary II* and reopen Pier 27 as a cruise ship terminal, he got that miracle of a place running again. We've been blessed to have that operation going ever since and that's where the Mexican tall ship *Cuauhtemoc* is berthed today. Those are sort of his physical accomplishments, but we're going to hear in a few minutes what a tremendous person Bill himself is.

When she joined the Port, she had the opportunity to visit him in his shop, and he had some advice for her. He presented it in such a nice way that she actually listened. She has not forgotten it. She probably has not lived up to it, but she's always appreciated his honesty and his gentle touch. She could call on him for any matter, as she can with almost everyone in the maintenance division. That means so much to her personally. She's sorry to see him go, but happy for him.

Commissioner Rodney Fong indicated that Bill has great friends at the Port and thanked him for keeping the lights on at the Port of San Francisco. For the record, Commissioner Fong read the inscription on the plaque which states, "William 'Bill' Schiavo, thank you for nine-and-a-half years of outstanding service. February 28, 2000 to July 17, 2009. From the Port of San Francisco." and presented him the plaque.

Tom Meisenbach, Maintenance Superintendent, indicated that he's been fortunate to work with Bill during his nine-and-a-half years at the Port. They have worked very closely together on a lot of projects, and it's been his privilege to have known him and worked with him. He thanked him for his dedication, his institutional knowledge, his wit and his sense of humor. He will be sorely missed here at the Port. He will miss the daily meetings which were quite colorful at times but they were a lot of fun. He appreciates all the support that he's given him over the years, and he's very proud to be able to call him his friend. He will be missed, and on behalf of everybody at the Port, he wished him all the best.

Lavena Holmes-Williams, HR Manager, wished Bill only the best in his retirement. Bill's been with the city approximately 11 years. He started at the PUC and he could not have worked in two more picturesque places, up in the Sierra Nevada foothills, and down here at the port. He's worked in two really good spots. She congratulated him on picking some really nice places to work. Bill has had the unique opportunity to do electrical work, under piers and skiffs and at heights, in high winds and rain. We appreciate his hard work and dedication, and everything that he and his crew have done for the port. She wished him the best and hoped that he'll come back to see us.

Mabal Bhat, senior electrical engineer, thanked Bill for all the help that he had given. The engineering division calls upon him when they need something all the time. Bill has been very knowledgeable and very helpful. He appreciates his support for the last 10 years as an electrician and electrical supervisor. He wished him all the best in his post-9-to-5 life.

George Onyemem, business services manager, added his best wishes to Bill on his retirement. Over the nine-and-a-half years that he's been a supervisor at the Port, he's had to make numerous requests of him to fix something at the Ferry Building or Pier One. Whether it's to change the clocks for Daylight Savings Time or to build a new fixture for somebody's workstation, he's always had good experiences with Bill. Bill is as deliberate as an electrician ought to be. He talks slowly and deliberately, making sure you connect with every word he says. He will be missed.

Pilar Schiavo, Bill's daughter, indicated that it's funny that George just said that Bill talks slowly, because when she was growing up, she remembers going into the living room and asking her dad if she could go do something, and then she'd leave and give him some time to think. Then she'd come back, get the answer a few minutes later, and have to patiently wait while he got the whole thing out...

She's kind of representing the family today and the Port's loss is her family's gain. They're really happy that he's able to be at this point where he can take time and like it should be, to be with his family and to take the time for the things that are really important in his life. She actually went on a job with him when she was young. He was putting in some lights in the local public library in Sonora. From that moment forward, she had a profound respect for the work that he did. She knows it's very hard work and he's worked very hard to provide for his family for a long time. When he came to the city, it was really exciting that it was a job where he actually had sick days and vacation days, and they could take vacations. He's also provided for the city in a big way and returned what he's gotten from this position. He's going to be sorely missed here, but they're happy to have him.

Bill Schiavo concurred with Pilar's comments. It's been great to work at the Port. It's a great place to work. He's really enjoyed it and also enjoyed all

the people he's worked with on a daily basis such as Lavena, Lynette Lum, Belen Afable, Helen Chan and everybody at Pier 50. There's not a more cohesive, skilled group anywhere else. They can literally make something from nothing. You could start with raw materials and they'll build anything you need, and there are lots of things on the port property that is so old that you can never go out and buy one nowadays. It's amazing that they do it every day and they're so competent at it. He will miss the family spirit that's there. They will help you achieve your goals. The port has given him a lot, but it's much richer than just a retirement check. It's all these friends. He loves his boss and tells him so all the time and the feeling of trust, confidence that they share back and forth as well as with the other supervisors. It's really been an honor to work here and he thanked everybody for allowing him to do that and putting up with him every now and then as he can be cantankerous on occasion. He has enjoyed working at the Port, and it's a memory he'll keep forever.

- Commendation for Patrick J. Gallagher, former President of Giants Enterprises

Ms. Moyer indicated that we have another goodbye today, probably someone who is a little less known to most people in this room but seems to have millions of friends all over the world. From what she could gather in the last couple days, Pat Gallagher has the distinction of being the longest-running employee of the San Francisco Giants, at 33 years. Pat was discovered at Marine World and hired by the Giants' Bob Lurie in believe 1976.

Jack is wearing jeans today because Jack does not have to be the face of the Giants today while he's at the Port, which is usually the job that Pat gets him to do. She figured out last night that Pat is far more brilliant and he has this aura of modesty, but it's actually very, very savvy.

Pat has done some amazing things, and those of you who are long-term Giants fans will recognize so many of the fantastic ideas he came up with. Those of us at the Port have struggled hard to try to market the port -- what are we, what's our product, who are we, what are our boundaries -- but we've never had to market Candlestick and for that she's always eternally grateful.

Despite the crazy ideas about public trust exchanges in the Candlestick area, we've held firm so far, and Pat had that job forever and came up with some really great things. Some of you may recall that if you were brave enough to stay extra innings during the week, you got a button known as the Croix De Candlestick. You may remember the Crazy Crab or the Doofus Dome or the Great Wallenda, who tightroped across Candlestick Park in 1977.

Then we moved forward to the new ballpark here at the Port, one of our crown jewels in our portfolio, then known as Pacific Bell Park. It turned out that while, once again, Jack Bair was the one here in front of the Port with his pal Larry, Pat was the one out selling air, as we learned last night, because Pat was selling something that wasn't an Oakland Raiders private seat license or personal seat license, but actually was something else that maybe would, maybe wouldn't exist.

John Yee was out convincing I believe CalSTRS and other worthwhile investors to buy into Pat's notion that he could somehow repay this magnificent debt with seat licenses to nothing but a beautiful view of the Port. She hopes that he'll come back and sell the Port's bonds when we reissue them in a couple of months, because he obviously can sell them to anybody.

Since Pac-Bell Park, now AT&T Park, opened, Pat has brought us the Dave Matthews Band, the Rolling Stones, Bruce Springsteen, Green Day, Cirque du Soleil, the renowned, fantastic, everybody-must-attend Emerald Bowl, and Opera in the Park, among many other things. Pat has just concluded a great service to the city in his time on the executive board of the Convention and Visitors Bureau, culminating with his presidency.

Pat is a man after her own heart. He totally gets the macroeconomic concept of leveraging and she just digs that about him. She and Pat both understand that leveraging isn't just a singular monetary kind of thing. It's a summation of the financial mixed with the interpersonal, and in Pat's case, mixed with a whole lot of daring and chutzpah. She suspects that like her, because she's Irish, he has a quiet devotion to Lady Luck and good karma, and is a big believer that luck plays a good part of it.

He is a person who's consistent, credible, and compassionate. He is just a quiet champion, which is why we've never seen him here before. He has quietly and subtly promoted the city, the Giants, and the Port in ways that we probably don't even know through his vast network. We have benefited greatly. We will soon find out, in his absence, exactly what he did for us.

We are sorry to see Pat go. She already has lots of volunteer assignments for him. Pat is such a great guy, he has his own bobblehead now although the bobblehead's looking a little younger. On behalf of all of us at the Port, she thanked him for his contributions, that fantastic legacy that's just down the street from us, and for his love and compassion and commitment to not just the City but the Port.

Commissioner Fong indicated that Pat is a cool guy. He's got a Facebook page and he wrote on his Facebook page this morning that he appreciates his gentleness and ability to put people before him. In his

speech last night, he did nothing but thank everybody else who he credited his success before acknowledging himself. They've worked together on many different levels. His father worked with both Gallagher brothers when they were at Marine World, and obviously through the Convention and Visitors Bureau, and now here with the Port, as being the largest tenant to the Port.

After reading the inscription on the plaque: "With gratitude and friendship, Patrick J. Gallagher, Port of San Francisco, June 2009," Commissioner Fong presented him the plaque.

Susie McCormick indicated that she's known Pat Gallagher for some time. She did not know him through the Giants, but once she found out he was with the Giants, she used him a lot. Pat was the past chairman of the Convention and Visitors Bureau, and just had their ninety-ninth annual lunch. She thinks that Pat has been to every one of the lunches. That's where she got to know Pat, and there are a lot of them who are here with him from the Bureau, because he was an invaluable asset to the Bureau. He helped them have a good time, he helped them realize that there's a lot more to life than just coming in and sitting down for a meeting. Pat deserves all the tributes that he's gotten, and she'd like to be the first one to say, "Bye-bye for now."

Jack Bair indicated that on behalf of the Giants, Johnny and Sarah Hunt are two of the Giants staff that worked with the Port, and thought it would be good if they all came up here to recognize their colleague, Pat. He wanted to thank the Port Commission, Rodney and the Port staff for recognizing Pat today. Pat is synonymous with the Giants for the last 33 years. It's hard to imagine life without him. Today is a baseball holiday of sorts, hence the jeans and casual wear. The staff went to the County Fair at lunch but in Saint Louis, there's the All-Star Game today. For many of them, their all-star is here at the Port Commission today, Pat Gallagher. He has had a remarkable career, and he's made lasting contributions to the Port and to the City. He has truly had fun along the way, as Monique mentioned, coming up with some of the most inventive promotions in the game, from the crazy crab, the anti-mascot, to the Great Wallenda, walking a tightrope between the foul poles at the notoriously windy Candlestick after Pat served him a martini. He truly had the courage to try anything.

Pat also helped secure the sponsorship revenue necessary to build the first privately financed ballpark in the modern era. We will all enjoy his legacy for many years to come. Most importantly, he's also been a great mentor and source of strength. They will miss Pat but pledge to carry on with his inspired example. On behalf of his colleagues at the Giants, they wished him the very best.

John Yee indicated that Pat is a friend and a colleague. They've heard a lot of tributes, and as he listened to them for the last month and for the coming month, what's remarkable to him is that it's all true. He's tried to puncture through it to see what's been invented, and none has been invented. That's the best tribute that Pat can have.

Ron Kovas, chairman of the board of the Emerald Bowl, appreciates the opportunity to say a few words about Pat. For those who attended the event last night or read the feature article story this morning in the *Chronicle*, Pat Gallagher is a man of many ideas. John Marks last evening touched on one of those ideas, which he's become part of, that's called the Emerald Bowl. It was an idea that Pat had almost 10 years ago about bringing a bowl game to San Francisco. Today we look back on that idea and it's brought well over \$100 million in economic benefit to the City of San Francisco -- almost \$85 million direct benefit to such places as hotels, restaurants, limousine drivers, tour operators, printers, advertising agencies, cab drivers, vendors, and at least that amount of money in terms of exposure to San Francisco. So it's on primetime television, three hours every year. This last year, it was the fifth most highly viewed bowl game of all bowl games on television. So for three hours it was a commercial about San Francisco. Most importantly, as Pat said, his job is always to put butts in seats. In the two of the last three years, the Emerald Bowl was a sellout. The year it wasn't a sellout, it almost was a sellout. He knows that the Giants have recouped their investment many times over from that original idea that Pat had. As Pat enters the next chapter of his professional life, there are a few more ideas rolling around in his head. He thanked him for the idea he had 10 years ago.

Joe D'Alessandro, president and CEO of the San Francisco Convention and Visitor Bureau, indicated that Pat Gallagher is a very rare person. He is somebody that really has given himself not only to the Giants but to this community. We've heard a lot of the contributions, from everything he did at Candlestick Park, to being the first sports marketer of any major-league baseball team in the country, to his spearheading the efforts to build AT&T Park, which is the finest ballpark in the world, and an icon and a treasure of San Francisco. Beyond the physical things, the events and activities, from the Emerald Bowl to some of the events at AT&T Park to the Convention and Visitors Bureau, he just volunteered his time. He gave his time for something that didn't necessarily personally benefit him, but benefited the entire community. The community is grateful and indebted to Pat because of that. San Francisco is a better community because of the efforts of Pat Gallagher. He's one of the most authentic, real, genuine people that he knows. It's been a pleasure to get to know him and he looks forward to his involvement in our community long into the future. His 33 years at the Giants are over, but his involvement in San Francisco is not. He looks forward to his leadership. He was instrumental in the passage of the Tourism Improvement District, which will enable

San Francisco's economy to continue to strengthen in the future, and he's going to have his hand and his fingerprints on many more activities and events, and things in San Francisco that make this a better place to live and a better place to visit. He feels privileged to get to know and to know him. He looks forward to continued friendship and his continued involvement in our community long into the future.

Joyce Gardella, marketing director for the Exploratorium, first heard the name Pat Gallagher in her first job, which was a while ago in Chicago and Brookfield Zoo, when Pat and Mike were still at Marine World. She called them for advice on dolphins that they were getting, for the first time, an inland dolphin area in the country. They gave it to her. She remembered a lot of encouragement from Pat. She remembered being impressed with what he saw as the possibilities. So her career went on. She stayed in Chicago for a while. People knew Pat's name at the ball clubs that she worked with when she was at the zoo. Then she moved on to Boston, and they knew Pat's name there, too. Then she came to San Francisco and there he was. As a relative newcomer and as one of the staff of the Exploratorium as they're working on this exciting project, she appreciates Pat's encouragement, what he's done for this city. She presented him a lifetime membership at the Exploratorium, which they hope that he will use to come visit them when they become a Giants neighbor on the waterfront.

John Handlery indicated that he's known Mr. Gallagher since his early days at the park, and then creating City Pass was just fabulous. He can't thank him enough for everything he's done. Pat also has a brother, whom he had the pleasure of working with at the Bureau. When he found out that Pat is moving on to his next chapter in life, he was disappointed because Pat's one of the few people that he's had the great pleasure of dealing with and working with who will honestly tell you where he's coming from. It's not personalities, it's straightforwardness, it's open dialogue. He also will tell you when to shut up, as he often did. It's that kind of breath of fresh, honest approach, and that's not replaceable, and that's something he will take away from years of working with Pat: that frankness and that commitment to get to where we need to go. As Joe mentioned earlier about the Tourism Improvement District (TID), there were a lot of bumps, but Pat stayed focused. Despite everyone's different opinions, including his, he brought all of them back around and kept them on track to what they were trying to accomplish. In his opinion, the TID would not have been done if it hadn't been for what Pat did, and for that he's very thankful. Hopefully he'll have the opportunity to continue to work with Pat.

Patricia Breslin, executive director for the Hotel Council, indicated that everyone's heard today that the Giants have been an integral part of the heart and spirit of San Francisco for over 50 years. Pat has been an integral part of the spirit and economic vitality of the City for over 33 years

with the Giants. She thanked Pat for that. She also treasured the way that Pat's warm and caring attitude brings a whole room together whenever he spoke before the Hotel Council members, and the gracious way that he always accepted every request to speak, even if some were very last-minute. It's always been a pleasure to have his support in all of their venues, whether they were doing an event or he was the main event himself. As executive director and as a San Francisco resident who lives just a few blocks away, she appreciates how the different venues, both public and private at AT&T Park, have opened up the Embarcadero, have made the neighborhood so vibrant. She appreciates that everyday she walks outside her door. Lastly, as a charter seat holder at AT&T Park, she thanked him for putting up with her husband on a daily basis. He'd be here if he could. They enjoy every single thing, especially when they walk in and there's a surprise there, and it's all because of his efforts. She echoed other speakers' comments that after his trip to Italy, she hopes to see him soon.

Audrey Joseph, Entertainment Commission, indicated that it's hard to follow all these people talking about how wonderful Pat is, but she wants to talk about what a snob he's not. Pat Gallagher is one of the few people that have accomplished so much and yet who will always return your phone call. He's always accessible and she appreciates that. He took a hole in the ground across the street from her nightclub and built this incredible ballpark, and then he gave her a private tour shortly after it opened. That was very exciting for her. She appreciates him, appreciates his availability to her always, and she's going to miss him terribly.

Ernestine Weiss indicated that as the original promoter of the Port development and the welcoming of the Giants, she does not know Pat but she loves him very much for what he's done, and it's been a great ride. She's sorry she didn't know him earlier when they were campaigning for the Giants here, and she knew that the only way they were going to get them was without public financing and it worked. As an activist in the City and a resident nearby, she thanked him for what he's done.

Ann Lazarus indicated that she's never had the privilege of working with Pat, but have had the pleasure of knowing him for many years because some of them have been kicking around for quite a while trying to accomplish some of the same positive things here in San Francisco. She stated the two reasons she admires about him: one is his very long-term career with the Giants. Thirty-three years is not something that is easily accomplished, and she doesn't think we're going to see a lot of that in coming generations. Even more is his willingness to say after such a great career that maybe there's something else out there for him to do. She's already jealous of whatever organization it is with which he associates himself that will benefit from his talent and his creativity. We look forward to hearing more about that, and to continuing our association with a very special San Franciscan.

Michael Hardeman indicated that as a board member of the Convention and Visitors Bureau, he's had the pleasure of working with Pat over the years. As a season ticketholder, he's very grateful to Pat and as a San Franciscan because he carries everything that's good about a San Franciscan. If anybody wanted to design a person to carry himself with dignity, class, tenacity, Pat Gallagher is that and thanked him for that. Pat is young enough, the doors are open, and we'll be working with him. This is not a goodbye; this is just another door opening in his life. He looks forward to working with him continually in his next project.

Pat Gallagher indicated that he wasn't quite sure what was going to happen today. He is incredibly touched by all the great things people have said. The Giants staff are probably thinking, "God, is this guy still around? This has been a very long goodbye." The Giants did an incredible event in his honor last night at the ballpark, and it was just an incredibly wonderful thing. He's still reeling from it. Now he comes here to this.

He was wondering why he didn't see any of the people who were complaining about the noise from the Rolling Stones here to say nice things about him. So they haven't all worked. They did a ski jump tournament that was kind of a (e doesn't like to call things "failures), he calls them creative successes. That was a creative success. They did an ice show with Barry Manilow and Brian Boitano a couple years ago, which was another creative success. They also had the famous 18-foot amazing robot, which he thought was an incredibly great idea, that would go across the wall at the ballpark. His name was Rusty. Some people might remember him. It was part of the Old Navy Splash Landing. They spent millions of dollars in L.A. building Rusty. Rusty was programmed so that he could do anything. He could wave. He could slide. He could give signs. He could even make funny faces. As soon as Rusty was unveiled, people started to boo him. They booed him and then started throwing things at him. They tried to put a different face on him. For a while, they put Bill Clinton's face on him, and they threw more things. Then they put Mike Krukow's face on it.

Eventually their partners, their friends at Old Navy, who are a fashion company, when something doesn't work in a fashion company, they want to get out of it as quickly as possible. Those who worked in baseball for a living, our skin's pretty thick. He thought any reaction was great, so the booing didn't bother him at all. At Candlestick, they love to have people show up and boo.

He thanked everyone for their comments about all the things that he was successful at. A lot of things he was not. He always felt that he was one idea away from getting fired. He's not sure where 33 years came from, how it all happened. He's not sure why he stayed as long. He used to

think that this was what he did for a living but not what his life was. It's really not true. It really has become part of his life, and he just never found anything he really wanted to do any more than do this.

He recently felt that maybe it was time to take a look at something else, and he doesn't have any idea what he's going to be doing. So he's sort of doing, which could be the smartest thing he's ever done or the stupidest thing he's ever done, but he feels he's leaving on a high note and leaving everything in good hands. There are incredible people at the Giants who, he's glad that they're the front people out there because they do an incredible job to make things happen. They're going to continue to do that, and he's very, very proud of them.

He's very proud of the Emerald bowl. When they came up with that idea 10 years ago, people said, "Yeah, just what America needs is another bowl game in a baseball park in San Francisco" but it actually works. It actually helped. The only message he could leave to the Port and the people who run the Port and who manage it and do all the work, is that there's a lot of dreams that the Port has. This is a big one over here. There are some big ones down here. Whoever would have thought that you could have built a baseball park on the waterfront in San Francisco? Whoever thought that would have happened? Talk about the lostest of lost causes. He encouraged the Port to keep dreaming and keep going, because it's going to be interesting 30 years from now. People are going to look back and see what the Port has accomplished. All these wonderful things are going to happen. The Port has to keep believing in them and keep doing them. He thanked everyone for all the nice comments said about him today. He's not retiring. He's just taking a little break, and then he's going to figure out what the next act is.

7. CONSENT

- A. Request approval of the Fiscal Year 2009-10 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates. (Resolution No. 09-34)
- B. Request authorization to advertise a Request for Proposals (RFP) soliciting Marine Structural and Civil Engineering Services for the Pier 43 Bay Trail Link. (Resolution No. 09-35)
- C. Request authorization to advertise for competitive bids for Contract No. 2735, Security Lighting at Pier 80. (Resolution No. 09-36)
- D. Request to award Master Contract with URS/AGS Joint Venture for As-Needed Engineering and Related Professional Services in an amount not to exceed \$1.5 million. (Resolution No. 09-37)

- E. Accept report on the Port's Annual Contracting Activity Report – Fiscal Year 2008/09; Fourth Quarter Period April 1, 2009 through June 30, 2009.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor. All of the items on the Consent Calendar were adopted; Resolution Nos. 09-34 to 09-36 were adopted.

8. PLANNING & DEVELOPMENT

- A. Informational presentation on the July 2009 Draft Preferred Master Plan for Pier 70.

David Beaupre, Planning and Development, indicated that the Pier 70 project has been a huge interdivisional and interagency effort. He acknowledged the following people for all their efforts: Monique Moyer, Byron Rhett, Diane Oshima, Jonathan Stern, Kathleen Diohep, Mark Paez, Carol Bach, Brad Benson, Gerry Roybal, and the San Francisco Planning Department, which is represented today by Director John Rahaim.

Port staff anticipates presenting the plan to the Commission today and posting it on the Port's Website but finalizing the plan has required some fine tuning and staff will distribute the plan on Monday, July 20, 2009.

Pier 70 is the 65-acre site that's generally located between Mariposa Street and 22nd Street, east of Illinois Street and bounded by the bay in the east. The purpose of developing the plan was to chart a course to recognize and preserve Pier 70's extraordinary collection of historic resources and to invite new economic development to the site, including generous waterfront open-space network, in a manner that's compatible with the existing ship repair operations.

To get to this point, we've had a very extensive community planning process. We've hosted more than 60 public meetings and workshops, presented the plans and concepts, and incorporated comments from the city's diverse stakeholders. The Port retained the assistance of a select consultant team to assist Port staff with the analysis, including Economic Planning Systems, Roma Design Group, Carey & Company, Treadwell and Rollo, and others, to help us develop the plan.

Furthermore, the Port has benefited from the collaborative process with other sister-city agencies such as the Planning Department and MTA, as well as other key state, federal, and local jurisdictions, to help us develop the plan. In addition, the Port Commission has heard from Port four times on the planning process over the last two years, and Commissioners Brandon and Shakofsky have participated in many of the numerous planning and community meetings.

The Port seeks to complete this part of the planning process by this fall. Today's presentation is an overview of the preferred master-plan goals, and to get some feedback on those goals. There will be a community workshop on July 29, 2009 at Pier 1 and staff will come back to the Commission in August to go over more of the details of the plans and get additional insight, and hopefully take community comment through August and wrap this segment of the work.

The plan is organized into nine chapters and an introduction, which is slightly different than what was presented in the staff report:

Plan Organization

- Introduction (overview of plan and process)
- Site History
- Ship Repair
- Context for Change
 - Planning Context , Mission Bay –Eastern Neighborhoods, City's Economic Strategy, Past Planning Efforts, incl. EDAW, SPUR, 2000 RFP, CWAG Goals
 - Market Assessment

Framework Chapters

- Historic Preservation Strategy
- Land Use
- Transit and Circulation
- Open Space
- Form and Character of Infill Development and the
- Implementation Strategy

The basis of the plan is framed around a series of eight goals that have also changed since the staff report, and a vision statement. The vision statement is: "To create a vital and inviting mix of uses at Pier 70 that integrates historic rehabilitation, activates public open spaces, creates a new jobs center that generates revenues critical to realize public benefits, and supports a continuing ship repair industry. "

1. Create a Pier 70 National Register Historic District and rehabilitate its extraordinary historic resources. The creation of a National Register Historic District provides the highest level of historical recognition, and actively promotes preservation and adaptive reuse of Pier 70's historic buildings by opening access to preservation funding sources and streamlined governmental review and entitlements.
2. Preserve the long-term viability of the maritime ship repair industry. To maintain and embrace ship repair as an integral part of Pier 70, the Plan sets aside land necessary for this industry and design parameters to ensure new development is compatible with the operational requirements to support viable ship repair operations.

3. Create major new shoreline open space that extends the San Francisco Bay Trail and Blue Greenway to and through Pier 70. The Plan sets a blueprint for a major new public access and open space system for Pier 70. Two new waterfront parks are defined, connected to a network of internal pedestrian-scaled courtyards and passages, and Irish Hill. They extend into the fabric of the Historic District and complement the character of Pier 70's industrial historic setting.
4. Extend the City street grid to enhance public access and integrate Pier 70 with the Central Waterfront. The street system is an important part of the organizational framework for existing and new uses. It provides orientation and structure to the urban experience, access and visibility to the Bay and proposed shoreline open space, and corridors for utility services and sustainable infrastructure. This is carrying the street grid down from Dog Patch and the Potrero neighborhood to provide access and views through the site and to provide public access onto the site.
5. Provide sites for office, research, emerging technologies, light industry, commercial and recreational uses to expand San Francisco's economic base, and generate revenues to fund public benefits. The Plan identifies sites for a significant amount of new infill development that is compatible with the scale and character of the Historic District, and meets the functional requirements for a range of new uses. Pier 70's economic strategy includes public funding resources which will rely on creating a strong economic base to meet the preservation, open space and environmental commitments defined in this Plan.
6. Develop a thriving new place that recalls Pier 70's historic activity, accommodates ship repair operations, and invites visitors to work, learn and play along the City's waterfront. The Plan promotes a diverse mix of uses including retail, arts and cultural activities, public-oriented institutions and recreational uses which, juxtaposed against Pier 70's ship repair operations, creates a unique new public waterfront destination.
7. Promote development that is pedestrian-oriented and fosters use of alternative, sustainable transportation modes and practices. This encourages the use of alternative transportation modes and reduces the need and expense of accommodating the automobile. We do not want this to be an auto-dominated development for multiple reasons, but one is that the site doesn't have the capacity to bring a significant level of automobiles to the site, both financially and physically. To build parking structures is extremely expensive and is a drag on the financial feasibility of the project, but also that the cost to provide for automobiles is not the most sustainable way to allow for new development, and isn't necessarily appropriate for the industrial setting of the site.

8. Promote sustainable mixed use infill development and economic vitality that places jobs near existing housing to reduce the carbon footprint of regional growth, promotes pedestrian and alternative transportation modes and practices, and includes climate adaptation strategies appropriate to this waterfront location. Pier 70's goals for historic preservation, environmental remediation, and open space and public access themselves establish a strong framework for sustainability.
9. Remediate environmental contamination to enable public use and enjoyment of the site and its waterfront. As is typical of many industrial areas in waterfront settings, a considerable amount of clean-up is required in order to meet environmental quality standards that are appropriate to the new uses and public-oriented activities desired for the area.

The Plan Goals define many public needs. They reflect diverse perspectives expressed over the course of the Pier 70 public planning process. No one Goal can prevail over the rest; the Plan relies on an integrated approach where the public and policy-makers understand and accept each element, to bring the Vision to reality.

The Goals are further refined in the Framework Policies, highlighted in staff report and including:

- Historic Preservation
- Land Use
- Building Form and Intensity
- Character and Quality of Infill Development
- Open Space
- Transit and Site Circulation

The Plan calls for a program for the 65-acres site which:

- Continues operation of the ship repair yard on 15 acres;
- Establishes a Pier 70 National Historic District and adaptive reuse of approximately 700,000 square feet of historic buildings;
- Creates approximately 11 acres of new waterfront open space and an additional 9 acres of internal open space;
- Provides for approximately 3,000,000 square feet of new infill development compatible with the historic district; and
- Integrates environmental remediation and infrastructure to support the Plan's mix of land uses.

This Implementation Strategy Chapter presents the regulatory partners and their role to implement the Plan, the financial feasibility analysis conducted to support the Plan, including the funding tools required.

The financial feasibility analysis assumes the Port takes advantage of the financing tools afforded by recent legislative successes: Proposition D, Parks GO Bond and IFD, and the private investment required by a developer to realize the plan

The Port will continue to receive rent from Pier 70 at the level it does presently, about \$3 million annually. Financial feasibility analysis currently projects that full build-out will generate a rate of return that falls short of that generally required to attract private development partners. The Port continues to explore means to improve the financial prospects for Pier 70 such as the Assembly Bill 1176 to recapture the state share of tax increment and anticipates that its private development partners will creatively address this gap, which today is at \$50 million.

Besides the individuals he mentioned earlier, Mr. Beaupre also thanked the following:

- Maritime division on ship repair and coordination with BAE
- Engineering division on infrastructure architectural and Engineering analysis
- Finance division on financial feasibility analysis and funding options, grant assistance
- Real Estate division on adaptive reuse options and property management
- Maintenance division on securing the buildings
- SF Police Department on securing the buildings and escorting tours

In addition, the Mayor's Office, Board of Supervisors (particularly, Sophie Maxwell and Sean Elsbernd) for their assistance on Prop D; Planning Department and their Commissions, the Municipal Transportation Agency, SHPO, State Lands, BCDC, the Water Board, all of our consultants - EPS, ROMA, Carey & Co. Treadwell and Rollo, OLMM, Martin Lee & CHS - the Central Waterfront Advisory Group, Potrero Boosters, Dog Patch Neighborhood, SPUR, Neighborhood Parks Council, San Francisco Tomorrow, Architectural Heritage and San Francisco Voters

The Central Waterfront Advisory Group have been working on this project for a long time. They've been hanging in there for 10 years, trying to get something off the ground. The Potrero Boosters have been very generous with their time in allowing Port staff to take over at least four or five of their community meetings to present the plan and to receive input and comment on the plan.

Moving forward, the next steps are distribution of the plan on Monday, July 20, 2009 which we'll make available on the web site and also distribute to key members of the community. On July 29, 2009, Port staff is hosting the

final workshop to review the plan and take input and comment on. We'll conduct additional outreach throughout the summer, including the groups that were just mentioned and going to the Planning Commission and the Historic Preservation Commission.

Staff will be coming back to the Port Commission on August 11, 2009 to receive Port Commissioner comments and direction and comments from the public. We'll be seeking public comment till the end of August, and then in September we hope to come back to the Port Commission to summarize all of the input we've received and recommend next steps toward moving toward development solicitation process.

John Rahaim, Executive Director of the City Planning Department, thanked Monique Moyer and her staff, particularly David Beaupre, who engaged them throughout this entire process. It was truly a collaborative effort, and that was particularly important during the eastern neighborhoods planning process, because the two areas abut each other and it was important for them, both from a physical planning as well as an economic development standpoint, to make sure that the plans were compatible.

In fact, they're more than compatible. They're actually quite complementary to each other. As the Commission probably know, during the eastern neighborhoods process there was a lot of discussion over the use of industrial land and whether we were providing enough space for clean tech and biotech, and those types of businesses that wanted a place in the city. What Pier 70 allowed us to do is essentially provide a place for that in the eastern neighborhoods. It was a very good collaborative effort, a very good dialogue for us to have during that process.

He likes the plan because it works on a number of levels. From a planning standpoint and an economic development standpoint, it fixes what needs to be fixed and leaves flexible what needs to be left flexible. It fixes the historic buildings, which we all want to be retained and restored, but also the open spaces and the basics of the infrastructure, which is a great way to do it: take the elements of a planning effort that need to be defined specifically up front and define those and the leaves the pretty flexible. So the areas for new development are fairly flexible, allowing any number of new types of development to come in that can support the other elements and the public goals of the plan. From that standpoint, it works not only in the sense of a land-use plan and how it lays out land uses, but also from a development standpoint. In his experience, it lets the plan and it lets the site be as flexible as possible in order to encourage the future development that we all want to see happen there.

Mr. Rahaim thanked the Port Commission, Monique Moyer, David Beaupre and the Port staff for all their work on this project, and for allowing City Planning to be a collaborator on this. This is a plan that makes a lot of sense, and would like to see it move forward.

Espanola Jackson, resident of Bayview Hunters Point, indicated that Bayview Hunters Point is not included in that particular plan. She agrees with the plan and she's worked with the young man here for a long time but one of the things that she misses more since it's been 30 years is when they had automation and the longshoremen left from the area. Tick-Tock, the hamburger place that used to be across the street where everybody would come and eat was opened 24 hours. We definitely need a Tick-Tock in San Francisco, and she'd like to get a Tick-Tock in San Francisco. She loves to fish and would like to see an area for fishing. When they talked about Prop D, she had to tell people, "Vote yes for Prop D because of the fact we can get rid of combustion turbines (CTs)." The CTs are out. She currently serves on the advisory committee for the PUC, dealing with the digesters. As you know, there was a plan to put a digester on Port land which she fought against. She didn't feel that the digester needed to be at the Port. PUC just voted today; the digesters will be where they're supposed to be, on the area where all the old ones were at the sewage plant. Another thing that we don't have in San Francisco, especially on this side, is a place where people could take their boats and drop off in that area. One of the reasons she supported 70 was that she was told there would be no hotels in that area. Also today at the Board of Supervisors, they were voting on selling the folks CTs.

Joshua Arce, executive director of Brightline Defense Project, echoed one of the points that Ms. Jackson had mentioned, which is somewhat tangential to the Pier 70 redevelopment plan that Mr. Beaupre had outlined, and the Port has obviously outlined for years but it's actually at times front and center. He's worked with Ms. Jackson for over two-and-a-half years to shut the Potrero power plant without building a new power plant in Bayview to replace it. The Potrero power plant is adjacent to the redevelopment map for Pier 70. After seven years in Ms. Jackson's case, two and change in his case, we're at a point where the city is poised to no longer build a power plant, and it was a very Herculean effort to get to that point. There was a recent article in the Chronicle talking about the impact of the continued operation of the Potrero power plant on Pier 70. The reporter said that the Potrero power plant being in existence diminishes the land value in Pier 70. In their coalition, they work with the Sierra Club, the grassroots organizations in the Bayview. They work with SPUR in shutting the power plant. Never fully understood this dynamic by which they think the city nearly got driven into a serious energy policy mistake because of the Pier 70 concerns. At the PUC and Board of Supervisors, this subject came up again, and the city is almost at the point where it's again talking about building a power plant because of this Pier 70 issue. Pier 70 is important. Pier 70 was voted upon by the voters. He'd like to hear David Beaupre talk about jobs for the surrounding communities. He heard about the job center but it's important for all these reasons. Nonetheless, he'd like to hear environmental justice. From here on out they're going to come to the meetings to hear about the environmental justice impact of the Pier 70 redevelopment. They want to make sure that it's a little bit more open and honest and transparent about the fact that they don't want concerns about Pier 70 and the timeline or whatever it is. They

want to hear it in a transparent way so they know that the city doesn't get trapped into a dangerously, terribly energy policy decision. You wouldn't know it because you don't spend time at the PUC, maybe some folks do, but the city almost spent a quarter-billion dollars on an unnecessary power plant to replace Potrero, and now they're just learning within the past months they never had to do that. They support Pier 70 and all the things it's going to do for the port, for the community, for jobs, for disadvantaged residents of San Francisco, but let's be transparent and not drive the city into an energy policy mistake.

Joe Boss indicated that he appreciates the feeling that we don't want to screw up our energy policy. He has been following this for years. At the end of the day, we may have to have some fossil fuel generation in San Francisco, and so it's important to keep an open mind on that. It could be a utility district that serves Pier 70, Mission Bay, and UCSF. So just don't say no to fossil fuel, because if we're going to build a portfolio of renewables and we're going to be able to sell that portfolio or the output at retail, we need to have some form of backup. In spite of what he just heard, we still are short a minimum of 25 megawatts through 2012. He would hope that San Francisco continues to grow beyond 2012.

Ernestine Weiss disagreed with what the previous gentleman said about fossil fuels. That's thinking in the past. We have to think forward. We cannot go along with the same old modus operandi that we had because it's too damaging, and we've found that out. Hasn't anyone ever heard of liquid natural gas? There are so many things that we could be doing. Why should we go back to the old ways of doing business when we can do better? So please consider that. No fossil fuels.

Commissioner Lazarus indicated that David Beaupre mentioned earlier that no one goal supersedes another in the list of goals, but she asked if the environmental remediation has to take precedence before much of anything else could happen there or is it confined to certain areas.

David Beaupre replied that he does not know the answer as we are just starting to get out there to do the investigation through the Department of Defense grant funds we received. We should know by the end of the year what level of contamination there is out there. The early read, based on all the analysis that we've done, is that it's kind of similar to what was out in Mission Bay. Generally it should be Mission Bay clean, they call it, where you can do a lot of the remediation by capping or keeping in place, but there might be some hotspots that require cleanup and haul-away. Some level of remediation or remedial action plan will be required to move the plan forward.

Commissioner Lazarus asked what it takes to start the process of creating the national historic landmark district. She's curious at what phase we can actually start putting that together.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the integrity of the financial system and for the ability to detect and prevent fraud. The document also notes that records should be kept for a sufficient period of time to allow for a thorough review if necessary.

2. The second part of the document outlines the specific requirements for record-keeping. It states that all transactions must be recorded in a clear and concise manner, using a standardized format. The document also requires that records be kept in a secure location and that access to them be restricted to authorized personnel only. Additionally, the document mandates that records be reviewed regularly to ensure their accuracy and completeness.

3. The third part of the document discusses the consequences of failing to comply with the record-keeping requirements. It states that any individual or organization that fails to maintain accurate records may be subject to disciplinary action, including fines and suspension. The document also notes that failure to comply with the requirements may result in the loss of the organization's ability to participate in certain programs or activities.

4. The fourth part of the document provides a summary of the key points discussed in the previous sections. It reiterates the importance of accurate record-keeping and the consequences of non-compliance. The document also provides a list of resources for further information, including a link to the full document and a contact person for questions.

5. The fifth part of the document is a concluding statement. It expresses the organization's commitment to transparency and accountability and its belief that accurate record-keeping is a key component of achieving these goals. The document also expresses its hope that the information provided in the document will be helpful to all who read it.

6. The final part of the document is a signature block. It includes the name and title of the person responsible for the document, as well as the date and location of its creation.

David Beaupre replied that the nomination for Pier 70 is virtually complete. We need to internally strategize further to determine when we'll move forward with the actual submittal of the nomination.

Mark Paez added that part of what we're trying to do is to get, much like we did with the Embarcadero Historic District, certain agreements and recognition of the plan from the state agencies that would be responsible for the nomination going forward. We haven't exactly figured out the best way to achieve that, whether it's through letter agreements or something formal. Those are some of the areas where we're still working on. The State Office of Historic Preservation has jurisdiction over the nomination process before it goes to the National Park Service, but they don't really have jurisdiction over land-use plans. We have to figure out how to overcome that and get the recognition and essentially build in recognition of our plan in the nomination so that later on, when we're in the implementation process, we don't trip ourselves up, whether it's going for tax credits for an individual project or in the environmental impact process. We could, however, start the process now. SHPO staff did a preliminary review of our draft document, and they're ready to go as soon as we're ready to go. We've also asked them to give us feedback on the plan, and so now that we'll actually have a public version of that, we can be pushing that forward, in terms of getting some real feedback that we can respond to.

Commissioner Lazarus indicated that it seems like it's more about strategy than it is about having to be at a certain point in the plan.

Mark Paez replied that with the tax credit projects, for instance, we could actually do the project and have 24 months to list the property on the National Register after taking the credit. There isn't anything that we're missing out on by delaying. The State Office of Historic Preservation, in working with the City, has already determined this site to be an eligible historic district. For CEQA purposes, permitting, building permits, etc., we already treat Pier 70 as though it's a historic district.

B. Informational presentation regarding parking in the Ferry Building Area.

Jonathan Stern, Planning and Development, gave a brief update on parking in the Ferry Building area since the closure of Pier ½ almost a year ago, on July 3, 2008. Pier ½ was a humble little pier adjacent to the Ferry Building just north of here that had been open and operated for parking specifically to support the Ferry Building since the Ferry Building's grand opening in 2003. Shortly before that it had undergone some repairs which were deemed to be temporary repairs to give about five years' life to this facility.

When the Ferry Building opened, San Francisco was in a downturn sort of post-dotcom bubble, and there was a lot of concern about new merchants in this newly opened building, the Ferry Building, and would the retailers in

particular need parking as an important resource. It was deemed to be an important enough supporting use that there's a parking agreement that goes hand-in-hand with the Ferry Building lease that provides some publicly controlled parking for the Ferry Building. In this case it was Pier ½ and Seawall Lot 351 across the street.

We learned that this was a very well thought of supporting waterfront use. When the pier closed last July, the Executive Director, Port Staff, Port Commissioners and the Mayor's office received quite a few comments, concerns and protests from the public. We have been working since then to do what we can, really more in small ways, to improve parking in the Ferry Building area, something that affects not just the merchants but other tenants of this building and everyone in the whole Ferry Building area, which runs from the Agricultural Building to Pier 1, 1½, 3, and 5.

The most important thing we did is to improve accessible parking. The people that really lost out when Pier ½ closed were the people who needed to be close to their destination, that have a blue placard and need easy access and close access to their destination. Pier ½ had most of the accessible parking spaces in the Ferry Building area, and in the meantime we have restriped the Embarcadero frontage, starting from the Agriculture Building all the way to Pier 5 and one of the major things we did was add four or five blue spaces along the Embarcadero.

We tried to make better use of existing parking resources. This area, because of the downtown work destination, has a lot of parking, thousands and thousands of parking spaces within a 15-minute walk. We decided to fine-tune the usage and the accessibility for everyone for these parking resources, such as valet services, garage services and meter services.

One of the first things we did was find other places that could be usable and accessible for valet parking, using maximum use of the amount of paving and curbs that already exist to serve customers coming to the Ferry Building. He worked with Equity Office Partners, the managers of this building. They expanded their service along the frontage, the white zone in front of the Ferry Building, and that took until about December to get underway but it has been very successful since then, serving about 1700 customers a month since then.

They also utilized the stub of Pier ½, the part that was not condemned. It's a small area, about 15 to 20 percent of the whole Pier ½ area. It serves about 10 cars on a valet-assist basis. Because of how many people were coming to the waterfront today, which is unusual for a weekday, there were nine or ten cars parked there. That area is managed by Ace Parking, which is a contractor to EOP and it's part of the parking agreement.

Seawall Lot 351, the Washington lot, is also now operated on a valet-assist basis. So if it does fill up, they start stacking cars, taking keys, and that has

generally, through better management, added parking to the Ferry Building area.

There are lots of garages in the area. There are over 600 parking spaces in Embarcadero 3 and 4. The Golden Gate garage, the former 1 Maritime Plaza garage, has about 900. The Port and its partners, EOP and CUESA, the operators of the farmers market have been instrumental in this as well. CUESA, in particular, spearheaded an effort to get validations at the Embarcadero garages for the Saturday farmers market, and Port staff and CUESA worked to get a validation program at the Golden Gate garage.

There are several parking situations we're trying to solve for. We know we can't just build a large garage and say, "Oh, anyone can come and park here any time." That's neither practical from a financial perspective or from a policy perspective, let alone having any land to do that. We're primarily looking at a couple of slices of the parking situation, the primary one being Saturday morning, when the most visitors come here as a single group for the farmers market.

Midday weekday is a time that we consider that the valet serves that relatively well for people who want to come right to the Ferry Building as opposed to parking other places in downtown, which are already crowded by commuters. We also look at the evening crowd, since there are a lot of restaurants in the Ferry Building area. These garages and these validation programs best serve the Saturday peak, which is probably the biggest peak.

Moving on from valet and garages, we also have made better utilization of meters. This is somewhat of a work in progress, but as part of the restriping program, we added five meters to the Embarcadero frontage at Piers 1½ and 3. We have added, working with our fellow city members at SFMTA, 11 spaces along Davis Street, which are now metered parking and are specifically good places to park during the farmers market.

We also freed up existing metered spaces on Washington Street. These meters have always been publicly accessible to anyone who lives or works in the area, but during farmers market, our biggest peak, they are claimed primarily by farmers' vehicles, trucks bearing produce, workers, etc. Since then, through a variety of means that are detailed in the staff report, we've freed up all those spaces, through the hard work of CUESA staff and Port staff. There are approximately 50 spaces that are currently available to the general public and customers at those times. These are a lot of work that we've done using places essentially that are already used for parking. There are some ideas that we are currently working on that haven't come to fruition. The first is not only do we have the closure of Pier ½ because of structural condition, but PUC has a larger project going on, the North Shore Force Main Project that will improve sewer services in the entire northeast sector of the city, and one of the primary construction sites for that will be Seawall lot 351 on Washington and Embarcadero. It will be under

construction next summer, and it will displace about 40 parking spaces at SWL 351. In order to mitigate parking impacts of the sewer construction activity on area parking, PUC will fund a Saturday morning parking shuttle bus during summer 2010.

We think it's a great opportunity to go further afield, use parking resources that perhaps are not as accessible by people by foot, once you park and walk to the Ferry Building and the farmer's market. We will be finalizing the shuttle service this year and rolling out next summer, and see if that can become a permanent fixture to connect existing parking resources with people who want to go to the Ferry Building.

Finally an idea that was brought up primarily by EOP and CUESA is improvements to Ferry Plaza. Most of Ferry Plaza is within the leasehold of the Ferry Building, and it currently looks like a parking lot. It's a large concrete area. It is not a parking lot although it does have loading and unloading, but it also has to serve BART, it has to serve the Ferry district, it has to serve the World Trade Club. It's a multiuse area, as is most of the port.

EOP has approached the Port and BCDC staff to look at their idea, which we're starting to vet right now, of moving forward with improvements on the plaza area. These improvements would be paid for through temporary parking (approximately 4 years) of up to 65 cars in the center of the plaza. EOP still feel stretched by the loss of Pier 1/2 and would like to see additional parking. They believe that temporary use of it would allow a bridging effort to put other things in place, such as better signage and better connection to existing parking. It also gives a funding stream, since parking is something that San Franciscans and visitors seem to be willing to pay for, to do some of the improvements that they are proposing as part of that package. This is something that we're working very closely with EOP, their consultants and BCDC. We hope to come up with something successful that we'll bring to the Commission later this year.

We're also working on the Ferry Building Area Implementation Plan. Essentially there are a number of projects which are really the last big projects in the Ferry Building area that are coming to us at a staff level. In December of last year, staff brought to the Commission WETA's expansion of the downtown ferry terminal project. They would like to expand from approximately six berths to twelve, and they'd like to build those in the next three to five years. Also the rehabilitation of Ag Building is a project that goes hand in hand with building ferry terminals behind it.

The Ferry Building area is so tight and there are so many users here that it's time to look at all the different uses such as pedestrian access, bicycle access, intermodal transfers with the regional buses and ferries that come here and as part of that effort we'll be exploring a number of ideas for all transportation uses, including parking. One of the ideas we'll be looking at is

the feasibility of continued use for Pier 1/2 or is it something that should be demolished, per the Waterfront Land Use Plan and BCDC Special Area Plan, or should we use it for a ferry terminal, etc. These are issues that'll be scored in this implementation plan.

Similarly, other areas have been identified at various times for parking, including the Ferry Plaza idea, the lagoon area, or what he refers to as the Pier 2 area, where there is a lot of parking now. Is that temporary use? Is that permanent use? What will the ultimate transportation network look like in the Ferry Building area? We're hoping to address that in that planning effort.

Finally, he reminded the Commission of an issue that has come before them numerous times i.e. Seawall Lot 351, which is currently being used as a parking lot. One of the conditions of approval of the award of the exclusive negotiations the Port Commission approved in February is that the developer will be replacing parking. There are temporary issues of what happens to parking during construction of that project if it moves forward. It's currently subject to a planning process that's underway. The developer also proposed an alternate project that would increase the number of publicly accessible parking spots there from 90 to 250. So as part of the ENA period, we will be exploring all of those options.

Finally he referred to Table 1 of the staff report that tallies up a lot of the changes he discussed. He does not know if these numbers are directly comparable. It tries to show the parking availability on the Saturday a.m. farmer's market peak, and it looks like we've gone from about 200 or 210 spaces to about 250 spaces. Again, we've largely done this by making more meters accessible, by building relationships with new garages i.e., the Golden Gate garage and the Embarcadero Center garages and creating more spaces through valet parking.

Andy Thornley, San Francisco Bicycle Coalition, indicated that the Bike Coalition is very keen on having the waterside of the Embarcadero get more and more friendly for pedestrians and bicyclists. It's already a huge attractor. People come from all over the world to enjoy it. It has the potential to be even more wonderful.

That's part of why they're interested in parking at the Embarcadero, because to the extent that we maintain and even enhance parking on the waterside of the Embarcadero, we diminish and injure the waterside Embarcadero for pedestrians and bicyclists. He asked if the Port knows how much parking is needed for the Ferry Building. Apart from the contractual obligations that the Port has with the tenants in the Ferry Building and he respects that the Port can't unilaterally break those, he thinks that there is an assumption that needs to be questioned, that everybody knows there will always be this many cars that need to come here and that everybody knows the best customers for all of the businesses drive here. It may be true but we need to find that out. He proposed that before the Port Commission make any commitments to any establishment or enhancement of parking on the

waterside, in the Ferry Plaza, a very precious space, that the Commission stop and make a prerequisite or a condition of going forward with any further establishment of parking, even temporary. A couple of years is a long time. He strongly suggested that the Port consider a modal access and economic survey i.e. how do people get here, how much money do they spend, how often do they come?

Over and over again we've seen this. On Columbus recently and downtown, in both cases the Transportation Authority aided other efforts to take that question: how do people get here, how much money do they spend, how often do they come? Every time that question is asked, the initial assumption that our best customers drive is contradicted. In fact, most people are coming by transit, walking, bicycling. Folks on foot, in particular, come often. They might buy a little less, but they come very often and they walk away. He's not sure what the answer to that question is. He does not want to prejudice this by saying that they know that the best customers are coming by bike. A lot of the customers come in different ways and it's cheap to find out. According to MTA staff, it's probably \$10,000, \$20,000 at most. It's probably something that the Port can steal from a standing contract and carry out to settle that question about how people get here. Why does parking matter to bicyclists? If you provide parking, cars will come. Mr. Stern has heard him say it many times: if you put out a dish of cat food, don't be surprised if stray cats come around. If you don't want a lot of stray cats coming around your ankles, don't put out so much cat food. . There is a more scientific way to approach this. He hopes that the Port will take a moment to check out where the customers are coming from, how they get here, because the answer might be surprising.

Tom Radulovich indicated that as a BART director, the ugly structure out there does two things. (1) It's the World Trade Club or it used to be but don't know what the current status is; and (2) It is one of the most important security concerns that they have at the BART system. It hides the ventilation structure, which connects directly to the trans-Bay tube. If anything were to happen with that structure, any water were to get in, it would flood the BART system, all three levels of Embarcadero Station; it would flood MUNI Metro back to Van Ness Station, and flood the BART system back to 16th Street Station, not to mention the East Bay side. They are very concerned about people getting near that structure. He hopes, just as somebody who's been entrusted by the voters, and a member of the BART directors, knowing what he knows about the vulnerability, that parking out on this plaza would be a nonstarter. The security of the city, the Port and the economic wellbeing of the Bay Area depends on BART and MUNI Metro running and we can't have any parking out there. One could bring a large vehicle full of explosives in close proximity, and it's too big a risk. He hopes that the temporary parking that's being discussed is a nonstarter. Before September 11, we might have thought differently about it, but now security's got to be paramount.

As BART director, we have spent billions of dollars as a region enhancing transit access to this very spot. Embarcadero's the busiest station in the BART system. It's the busiest station west of the Mississippi. The entire BART system will bring people here. The MUNI metro system and the MUNI bus system all focus on this spot. The regional ferry system center's right here. We have an incredible wealth of transit.

We've expanded it hugely since the 1989 earthquake. We have built a waterfront transit line. We've built two extensions in the East Bay. We built the BART SFO extension. We've expanded MUNI Metro. We will be expending additional money to bring CalTrain and high-speed rail to within a few blocks of this spot, to expand the region's ferry network, to expand the city's transit network. We don't need more parking here. We have created an incredible transit hub here, richer transit than any place west of the Chicago Loop but you come here and you see parking lot. That's an insane use of land here. We really need to turn these into public spaces. These need to be public-serving buildings. The waterfront's precious. We have so little public waterfront in San Francisco. This is the most accessible spot on the waterfront. Unfortunately parking's been the tail that wags the dog. Pier ½ should have been a plaza. We should have linked Pier 1 and the Ferry Building with the plaza. He asked the Commission to put public spaces foremost and paramount and parking needs to take a subordinate role.

Ernestine Weiss thanked Tom Radulovich for his comments. He said it the way it is. The truth is we don't need more cars. This is not the wave of the future. Cars are a thing of the past. The reason why people are renting Infinity by the droves is because they can walk to work. All the condominiums developed downtown are focused on walking to work. It's not just San Francisco. Other big cities are focusing on the same thing. The pollution from cars is causing cancer. People are dying left and right from all this poison in the air. There's a gridlock here. Where are we going with it? It's foolish planning. We need to do a parking survey. Wilbur Smith has done it in the past and he should come in again to see what the need is and what the bad things are and so forth.

Prior to the earthquake, this parking lot was a dingy industrial area with a big, huge parking lot right next to Justin Herman Plaza. We don't want to encourage that kind of thing anymore. We have an opportunity to make the waterfront a beautiful place. We need more walkers, we need more bikers. Zip cars are coming along down the pike. People are using them more and more. We have all the best transportation right down here. We've got to get wise so she suggested having shuttles, park and ride which other cities have. We should be thinking along those terms. This is the better way to go. So let's forget about cars, let's develop this waterfront to be a beautiful area that it deserves, and let's get rid of cars once and for all. Jonathan Stern just listed all the parking garages in the area. We don't need more cars. If she has it her way, there won't be a 600-car garage here. When she first came along this waterfront development, the first thing she did was get Dennis

Bouey fired because he wanted to build a garage underneath the park on block 202. Then we got a new director of the port. Now it's rearing its ugly head again, another 600-car garage is being proposed. We don't need it.

Jane Connors, property manager for the Ferry Building, indicated that it's a real honor to run this property for the Port of San Francisco and for the City and County of San Francisco, and for Equity Office. She commended Port staff for working with them since July 3, 2008. They have literally been meeting almost once or twice a week about this issue and just making incredible headway and making great compromises, and a lot of progress since last year. She commended Jonathan Stern, Phil Williamson, and Kathleen Diohep for their efforts.

To answer some of the inquiries today, they have a Princeton intern working with EOP this summer specifically to do surveys. They're going to be doing DOT surveys, wherein they're going to be interviewing people on the Saturday, Tuesday, and Thursday markets and determining how they get here, how much they spend, how frequently they come down to the building. They will certainly share that information with the Port and with the public. They are working with Jonathan and Phil on some of those Q&As. Some answers will be had about that. Granville Island, which is probably the property we most compare the Ferry Building to, has approximately 1500 parking spaces, and those are even short order for them. We operate under 150 parking spaces. The information that Jonathan put together is specifically for Saturdays. One of their big issues is about the availability of parking the rest of the week, and supporting their shops during the rest of those days. Saturdays might just be the busiest day down here, not just because of the abundance of produce, but also because of the abundance of parking. The issues that they are discussing with the Port is about considering all the stakeholders. It's considering commuters, bikers, people that are driving here, people that are walking here. They are considering all of those needs and how they can make them work collectively together to support the Ferry Building.

Mr. Nixon indicated that he frequently come by here on Saturdays, going from BART to get on the ferry. The crowds here make it very difficult to make that transition. It seems to him that if there's any space available anywhere for parking, perhaps some of that space would be used to open up the area where the farmer's market is in order to have a good connection between the BART station and the ferries on those crowded Saturdays. It can take a long time to get through there, and if you miss your ferry it's a big problem.

Commissioner Lazarus thanked staff for the report. She was the instigator of this a few meetings ago, and she appreciates the very well-organized and thoughtful analysis that Jonathan provided. She did not see this to be a forum for talking about future parking as much as how we were responding to a situation that had happened beyond our control and a contractual

obligation. She's heard that we've tried to be a good neighbor and supporter of what's going on around here, and that's what she was interested in.

9. FINANCE AND ADMINISTRATION

A. Request approval of the Municipal Debt Policy for the Port of San Francisco. (Resolution No. 09-38)

Tina Olson, Deputy Director of Finance and Administration indicated that we are debt free! Ms. Moyer added that the Port is debt free for the first time in 49 years!

Tina Olson indicated that we have been in the process of planning to issue new revenue bonds this fall. The three items before the Commission are the first step for Port Commission authorization on several documents that we need to start that process. Staff will be back to the Commission in the fall with the actual request to issue bonds and appropriate the bond proceeds.

As the Commission is aware, the charter authorizes the Port Commission to issue bonds. It is good financial management practice to have a debt policy in place for any organization that's going to incur debt. The Port doesn't have one so we created one. The City and County of San Francisco itself has a debt policy because Monique Moyer wrote it. Other city agencies such as the airport and the Public Utilities Commission has a debt policy.

Port staff used the city's and the airport's as a model to develop a debt policy for the Port of San Francisco. She commended Larry Brown for taking the lead at the Port to prepare the debt policy, Bob Gamble, our financial advisor, as well as Christine Lee, who works for Bob Gamble, and Vince McCarley, who's also one of our financial advisors. They did all of the work on it. It's quite comprehensive. She's new to the debt-issuance world and she found it easy to understand.

It essentially commits the Port to adhere to a sound debt-issuance and management practice to achieve the lowest practical costs of borrowing at a prudent level of risk and obtaining access to capital markets. It's also important to note that it's going to document the Port's debt-issuance and management practices. It provides transparency to rating agencies, bond buyers, and the public. It includes a legal framework, in terms of how the Port has the authority to issue debt. The types of borrowing that we could enter into, such as the revenue bonds, the one we're looking to in the fall, special facility bonds, equipment lease financing, and debt refinancing when interest rates drop. It identifies approval processes such as the CFO and the executive director would have to approve any kind of debt-issuance before it goes to the Port Commission. It sets the debt affordability targets. This is probably one of the most important elements of the debt policy including minimum debt service coverage of 1.15, and an unappropriated operating reserve of 15 percent. Over a year ago, the Port Commission adopted the

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY
505 EAST HALL
CHICAGO, ILL. 60607

RECEIVED: 1964

BY: [illegible]

FROM: [illegible]

RE: [illegible]

DATE: [illegible]

BY: [illegible]

RE: [illegible]

DATE: [illegible]

Operating Reserve Policy to budget an operating reserve of 15% of the Port's total operating expenses.

The Debt Policy identifies permitted uses of bond proceeds for the capital projects, refinancing Port debt, etc. It has the disclosure and reporting requirements, and it identifies the financial and other professional services that Port staff can procure in order to issue debt, like the financial advisor, bond counsel. It talks about the ongoing debt administration and developing the five-year financial model, submitting the required reports, essentially putting into writing the commitment in the Port to do that. It includes criteria for various methods of placement: the competitive sale and negotiated sale. As noted in the staff report, we envision that the Port will be doing a negotiated sale this fall. We haven't been in the market in a long time. The Port of San Francisco is not like a traditional port. We're a little bit of a mix between a redevelopment agency and a traditional port. It's going to be a bit of a sell and a story credit.

She noted the extensive glossary of terms and the rating agency table. We have different rating agencies and they give different ratings but what does it all mean? That is essentially what the debt policy is in a nutshell.

Commissioner Lazarus commented that the policy is very well done, very thorough and it feels good to have this policy in place.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor. Resolution No. 09-38 was adopted.

B. Request approval of the Port's Proposed 2009/10 Revenue Bond Projects. (Resolution No. 09-39)

Tina Olson, Deputy Director of Finance and Administration indicated that this resolution is to approve the revenue bond projects. This will be the third time the Commission has seen this list of projects. Staff made an informational presentation to the Commission in May. It's the exact same list of projects and the exact same dollar amount. The cruise terminal project \$22 million; Piers 19 or 23 \$18 million; Pier 33 North \$2 million; Pier 50 entryway \$10 million and the backlands and seawall repair \$8 million for a total of \$60 million in projects. As noted in the staff report the total bond issuance would be about \$66 million which includes the issuance costs and the reserve fund that we have to create.

We were looking for projects that would increase the Port's overall revenue base, and we've estimated these projects will bring in about \$6 million. We also wanted projects that were going to achieve the Port's mission of maritime and public access, and the cruise terminal provides that, plus the revenue increase. The cruise terminal is our star project for that reason. We also wanted to make sure that our Pier 50 facilities where our Maintenance

employees work are safe. The economic impact on these projects would generate about 877 permanent jobs in San Francisco by having new uses for underutilized port facilities, and about a million dollars in general-fund money to the city. We consider this the compelling reason to bring these projects forward.

With regard to the Port's debt capacity, staff did an analysis which is included in the staff report. The \$66 million bond is below our debt capacity because we have a debt capacity of 106.4 million, \$95 million of which could be for projects. The \$66 million is a \$4.7 million annual debt service payment, and that's what we have in the budget. If we were to take the Port all the way up to its debt capacity, we'd need another \$3 million annually budgeted for debt service. That gives us an idea of what a goal can be, in terms of additional future projects.

This fall, we are expecting to come forward with a bond issuance. It would be the first of two and it will fund the design of the cruise terminal, design for Piers 19 or 23, construction at Pier 33, construction at Pier 15 and construction in the backlands. For the CEQA review for Piers 19 or 23 or the cruise terminal, staff will come back and issue a debt for the construction phases of those projects. It will probably be in a couple of years.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor. Resolution No. 09-39 was adopted.

C. Request approval of a Reimbursement Resolution related to the Proposed Port Revenue Bond Issuance. (Resolution No. 09-40)

Tina Olson, Deputy Director of Finance and Administration indicated that in preparing to issue bonds, we're incurring costs right now. We have financial advisors, bond counsel and underwriters on board. We've also appropriated funds and sent different work orders to City Planning for the CEQA review process for these projects, as well as started the design on the cruise terminal. All of these costs are being incurred in advance of issuing the bonds. In order to reimburse those costs with the bond proceeds, we need to have a bond reimbursement resolution which is required by Section 1.150-2 of the Treasury regulations.

Commissioner Fong pointed out that it's kind of funny that there's nobody here (except for Marty Coressel) to listen to Tina's presentation because this is a real turning point for the Port to get into its next chapter. He thanked Tina Olson, Larry Brown and Monique Moyer and her expertise to get us through this, and over the last few years, to point out the capital projects, now to find sources for them. He's very proud to be part of it.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor. Resolution No.

1. The first part of the document is a letter from the President of the United States to the Congress, dated January 3, 1862. It is a very important document, as it contains the President's views on the state of the Union and the progress of the war.

2. The second part of the document is a report from the Secretary of the War Department, dated January 10, 1862. It contains a detailed account of the military operations of the Army during the year 1861, and also a statement of the condition of the Army at the beginning and end of the year.

3. The third part of the document is a report from the Secretary of the Navy Department, dated January 10, 1862. It contains a detailed account of the naval operations of the Navy during the year 1861, and also a statement of the condition of the Navy at the beginning and end of the year.

4. The fourth part of the document is a report from the Secretary of the Department of the Interior, dated January 10, 1862. It contains a detailed account of the operations of the Department during the year 1861, and also a statement of the condition of the Department at the beginning and end of the year.

5. The fifth part of the document is a report from the Secretary of the Department of the Treasury, dated January 10, 1862. It contains a detailed account of the operations of the Department during the year 1861, and also a statement of the condition of the Department at the beginning and end of the year.

6. The sixth part of the document is a report from the Secretary of the Department of the Army, dated January 10, 1862. It contains a detailed account of the operations of the Department during the year 1861, and also a statement of the condition of the Department at the beginning and end of the year.

7. The seventh part of the document is a report from the Secretary of the Department of the Navy, dated January 10, 1862. It contains a detailed account of the operations of the Department during the year 1861, and also a statement of the condition of the Department at the beginning and end of the year.

8. The eighth part of the document is a report from the Secretary of the Department of the Interior, dated January 10, 1862. It contains a detailed account of the operations of the Department during the year 1861, and also a statement of the condition of the Department at the beginning and end of the year.

9. The ninth part of the document is a report from the Secretary of the Department of the Treasury, dated January 10, 1862. It contains a detailed account of the operations of the Department during the year 1861, and also a statement of the condition of the Department at the beginning and end of the year.

09-40 was adopted.

10. NEW BUSINESS / AGENDA SETTING

Monique Moyer indicated that it was great to see everybody who came out for both Bill Schiavo and Pat Gallagher. She apologized that it took a little bit longer, but it was a really nice treat.

Going forward, our next meeting is August 11, 2009 and we will be coming back to the Port Commission with the changes that were made to our budget proposal through negotiations with the Mayor's office and the Board of Supervisors. It's not significant but it is enough that we would like to share all of that with the Commission and the public. It was a much easier process in every respect this year than previous years. Even the finance committee was such a different place to do business, and almost everybody's talking about that. It was very pleasant.

As the Commission is aware, the Municipal Transportation Authority adopted a bike plan. It does have implications for the Port, so MTA staff will be making a presentation at the next meeting. Jonathan Stern, in his presentation, alluded to the work that needs to be done by PUC at Seawall lot 351. We hope to bring the MOU to the Commission at the next meeting but they need to go to their commission first. The big news is the Exploratorium project. If all goes well, it will be before the Commission for its review and consideration at the next meeting.

While it's not as many items as normal, it's probably a pretty full agenda. Jennifer Sobol has hinted about her staff report that there will be at least 25 pages on the Exploratorium. The CEQA recitals will go on for days. The Commission will also be receiving the Pier 70 Master Plan on Monday, July 20, 2009. Staff will be back at the August 11th meeting to receive comments from the Commission and the public. She complimented staff for all their efforts.

11. PUBLIC COMMENT

12. COMMUNICATIONS

13. ADJOURNMENT

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

Commission President Rodney Fong adjourned the meeting at 5:25 p.m.

SAN FRANCISCO PORT COMMISSION

Rodney Fong, President
Stephanie Shakofsky, Vice President
Michael Hardeman, Commissioner
Ann Lazarus, Commissioner

Monique Moyer, Executive Director Amy Quesada, Commission Secretary
Phone: 415-274-0400; Fax: 415-274-0412 Phone: 415-274-0406; Fax: 415-274-0412

AGENDA

TUESDAY, AUGUST 11, 2009

2:00 P.M. CLOSED SESSION

3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.

1. CALL TO ORDER / ROLL CALL
2. APPROVAL OF MINUTES - July 14, 2009
3. PUBLIC COMMENT ON EXECUTIVE SESSION
4. EXECUTIVE SESSION

GOVERNMENT
DOCUMENTS DEPT

AUG - 6 2009

SAN FRANCISCO
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- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

(1) Discussion of Executive Director's Performance Evaluation for Fiscal Year 2008-09 pursuant to Section 67.10(b) of the Administrative Code and Section 54957(b) of the California Government Code.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER (DISCUSSION & ACTION ITEM).

- a. Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d) (1 case).

- F. Alioto Company, Inc. v. City and County of San Francisco and ExxonMobil Oil Corporation, Superior Court for the State of California, County of San Francisco (Case No. CGC-89-489792)

- (3) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. **This session is closed to any non-City/Port representative.***

- a. Property: Pier 15/17 (Embarcadero at Green Street)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*The Exploratorium: Dennis Bartels

Under Negotiation: _____ Price _____ Terms of Payment ☒ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 15/17.

5. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.
- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

- A. Executive Director's Report

- Extension of the response deadline for the RFP for a Concrete Batching or Asphalt Production Facility at Seawall Lot 352 – from September 17, 2009 to October 29, 2009
- Environmental Award to Princess Cruises
- Congresswoman Loretta Sanchez's visit to the Port of San Francisco – August 7, 2009
- Speaker of the House Nancy Pelosi's visit to the Port of San Francisco – August 10, 2009

8. CONSENT

- A. Request approval of Fifth Amendment to Lease No. L-12540 with SF Recycling and Disposal, Inc. at Pier 96 near Cargo Way. (Resolution No. 09-41)
- B. Request approval of Memorandum of Understanding between the San Francisco Public Utilities Commission and the Port regarding the North Shore Force Main Sewer Improvement Project (Embarcadero, Drumm and Spear Streets) including Seawall Lot 351 located at Washington and the Embarcadero. (Resolution No. 09-42)
- C. Request approval of Fiscal Year 2009-10 Executive Director Salary and Benefits. (Resolution No. 09-43)
- D. Request authorization to accept and expend \$5,771,340 in Proposition 1B Grant Funds from the California Office of Homeland and Security for security improvements at the Port. (Resolution No. 09-44)

9. FINANCE AND ADMINISTRATION

- A. Request approval of the Port's Revised Annual Operating and Capital Budgets for Fiscal Year 2009-10. (Resolution No. 09-45)

10. PLANNING & DEVELOPMENT

- A. Informational presentation on the Exploratorium Project at Piers 15 and 17 on The Embarcadero at Green Street.
- B. Informational presentation on the July 2009 Draft Preferred Master Plan for Pier 70 and July 29, 2009 Pier 70 Community Workshop.

11. NEW BUSINESS / AGENDA SETTING

- ◆ New Business
- ◆ Agenda Setting (Targeted Commission meeting, subject to change)
 - Informational presentation on the Implementation of the Port's Americans With Disabilities Act (ADA) Transition Plan (September 8, 2009)

- Informational update on the Port's Facility Assessment Program (September 8, 2009)
- Informational presentation on Taylor Street Improvement Project (September 8, 2009)
- Update on the Port's 2008 Clean and Safe Neighborhood Parks General Obligation Bond Program (September 8, 2009)
- Request adoption of the required California Environmental Quality Act Findings and the Mitigation Monitoring and Reporting Program in connection with the lease, development and historic rehabilitation of Piers 15 and 17 by The Exploratorium, a California not-for-profit corporation. (September 8, 2009)
- Request approval of the Lease Disposition and Development Agreement, Lease and Parking Agreement with The Exploratorium, a California not-for-profit corporation; request approval of the Tripartite Agreement with Baydelta Maritime, Inc. and The Exploratorium for relocation of Baydelta Maritime Inc.'s operations from Pier 15 to Pier 17; request approval of Schematic Drawings and of Amendments to the *Waterfront Land Use Plan* (September 8, 2009)
- Request authorization to award two (2) three-year leases for surface parking: Bid Opportunity A: Seawall Lot 301 commonly known as the Triangle Parking Lot, bounded by Taylor Street, Jefferson Street, and Powell Street and SWL 314 bounded by the Embarcadero, Bay Street, and Kearny Street; and Bid Opportunity B: Seawall Lots 322-1 bounded by Front Street and Broadway, SWL 323 bounded by Davis Street and the Embarcadero, SWL 321 bounded by Front Street, Green Street and the Embarcadero and SWL 324 bounded by Davis Street, Front Street and the Embarcadero, all located in the northern waterfront (September 8, 2009)
- Informational presentation regarding San Francisco Municipal Transportation Agency's Bike Plan as it relates to Port property (September 22, 2009)
- Informational presentation regarding proposed water taxi service at the Port of San Francisco (September 22, 2009)
- Request approval of Self-Operation and Maintenance of Foreign Trade Zone (September 22, 2009)
- Request approval of the Port Commission of the City and County of San Francisco Revenue Bond Issuance, Series 2009 (the "2009 Bonds") September 22, 2009
- Request authorization to award Contract No. 2735, Security Lighting Project at Pier 80 (September 22, 2009)
- Request authorization to award Construction Contract No. 2721 for ADA Upgrades at 401 Terry Francois Boulevard (September 22, 2009)
- Request approval of the Port's Interim Leasing Policy for Historic Structures (Date to be determined)
- Request authorization to award Pier 45 drainage improvements project (Date to be determined)
- Request authorization to award the Marine Structural and Civil Engineering Services Contract for the Pier 43 Bay Trail Link Project (October 13, 2009)

- Informational presentation on development opportunities for Seawall Lot 330 (located on The Embarcadero at Beale and Brannan Streets) (Date to be determined)
- Request authorization to enter into an Exclusive Negotiation Agreement with Seawall Lot 337 Associates, LLC to explore a mixed-use development project at SWL 337 and Pier 48 (Date to be determined)
- Request authorization to enter into a Memorandum of Understanding with the San Francisco Municipal Transportation Agency for the Port of San Francisco to relinquish its rights to cargo freight rail service north of Cesar Chavez along Illinois Street (Date to be determined)

12. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

13. COMMUNICATIONS

Communications to the Port Commission from July 10, 2009 to August 6, 2009:

- From Port staff, regarding Draft Pier 70 Preferred Master Plan
- From the Potrero Boosters Neighborhood Association, copy of The Potrero Community Voice
- From SF Bay Conservation and Development Commission, regarding public hearing on the possible amendment to the San Francisco Waterfront Special Area Plan
- From Port staff, copy of the Final Environmental Impact Report for the Exploratorium Project at Piers 15 and 17

14. ADJOURNMENT

SEPTEMBER 2009
CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
Sept. 8	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
Sept. 22	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. Contact Amy Quesada at 274-0406.

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets on a quarterly basis, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

ACCESSIBLE MEETING INFORMATION

EMBARCADERO ELEVATOR TO BE CLOSED – MAY 4, 2009 TO AUGUST 2009

Please be advised that on Monday, May 4, 2009, BART will close the Embarcadero BART Station street-level elevator in order to replace the structure which houses the elevator entrance on the street level. The elevator will be shut down for approximately 3-1/2 months during this construction--until August 2009. People who rely on the elevators to enter and exit at Embarcadero should exit at Montgomery Station during this period.

ALTERNATIVES TO EMBARCADERO:

While the Embarcadero Street Elevator is closed, BART and Muni riders should exit the systems at Montgomery Street BART/Muni Station.

The Montgomery Station elevator is located on Market and Sutter, approximately 3-1/2 blocks from the location of the Embarcadero Station street elevator. If riders are unable to proceed from Montgomery under their own power, they can take any one of the following Muni lines which stop on Market Street near both Embarcadero and Montgomery:

2 -- Clement
7 -- Haight
21 -- Hayes
31 -- Balboa

For information about the project or transit alternatives, contact the following:

BART Transit Information
(415) 989-BART / (925) 676-BART / (510) 465-BART
TTY (510) 839-2220

San Francisco 311 Customer Service Center
311 / (415) 701-2311 / TTY (415) 701-2323

You can also visit BART online: www.bart.gov or www.sfmta.com.

If you need additional transportation planning assistance or would like information about paratransit during this project, call BART Accessible Services at (510) 464-6184 or Muni Accessible Services at (415) 701-4485 / TTY (415) 701-4730.

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

- A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
- B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

NOTICES**Prohibition of Ringing of Sound Producing Devices:**

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.



MEMORANDUM

August 4, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Susan Reynolds
Deputy Director, Real Estate

SUBJECT: Request approval of Fifth Amendment to Lease No. L-12540 with SF Recycling and Disposal, Inc. for Pier 96 near Cargo Way

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution

Introduction

Pier 96 is home to Recycle Central and is operated by SF Recycling and Disposal, Inc. ("SFR&D"), a wholly-owned subsidiary of Norcal Waste Systems, Inc. dba Recology, pursuant to Lease No. L-12540 (the "Lease"). This facility sorts and prepares for market the recyclable materials collected in blue bins citywide, as well as materials collected from commercial accounts.

Port staff negotiated proposed amendments to Lease ("Fifth Amendment") as part of discussions with SFR&D related to a periodic base rent market adjustment ("Market Rent Adjustment") pursuant to the Lease. This report details the Fifth Amendment and provides background associated with the Market Rent Adjustment.

Background

The Port and SFR&D entered into Port Lease No. L-12540, dated January 22, 1998, for property located at Pier 96. The Lease was subsequently amended on four occasions; Appendix A contains a brief summary of these amendments.

This Print Covers Calendar Item No. 8A

The Lease has a term of twenty-five years and provides for a market rate rent adjustment to the fair market rental value for similarly situated industrial Port maritime properties every five (5) years.

Table 1 below provides an overview of Lease terms and current rent for Pier 96.

Table 1: Lease L-12540 Major Terms and Current Rent	
Term	Description
Premises and Current Rent per Square Foot ("sf")	Parcel A: 195,281 sf of Pier 96 shed space, outbuilding, loading dock and canopy space (current rent: \$0.37/sf) Parcel B: 201,626 sf of paved yard space, including non-exclusive rail access (current rent: \$0.13/sf)
Use	Mixed materials recycling facility, not to exceed 2,100 tons per day
Current Rent	\$98,305.15/month or \$1,179,661.80/annually
Wharfage	\$49.61 per container; 7,600 TEU requirement annually after 10 th year of Lease; Tenant may pay a fee ("Maritime Deficiency Fee") in lieu of shipping from Port maritime terminals. Tenant may request a waiver of half of the fee upon showing that there were no container slots available for shipment and the cost to transfer the containers by barge/other vessel would exceed the Maritime Deficiency Fee. Current annual Maritime Deficiency Fee: \$626,411.00. Half of Maritime Deficiency Fee: \$313,205.50.
Market Rent Adjustment	Port may reset base rent every five years by establishing fair market rental value based on similarly situated industrial Port maritime properties. Tenant may appeal the Port's determination, subject first to negotiation between Port and Tenant and then to baseball arbitration if the parties cannot agree on fair market value. Under baseball arbitration, each party appoints an appraiser and develops its own appraisal instructions, which are not subject to arbitration or adjudication. If the difference between the parties' appraisals is too great, a third appraiser determines the new base rent by choosing the appraisal that the third appraiser finds best approximates Fair Market Rent.
Early Termination	Tenant may terminate early with a one year notice to the Port.
Maintenance	Tenant responsible for maintenance and repairs, including the substructure, subject to certain damage and destruction provisions.
Effective Date	August 1, 1998
Termination Date	July 31, 2023

As part of SFR&D's mitigations adopted pursuant to the California Environmental Quality Act, on February 12, 2002, SFR&D paid \$1,000,000 toward the construction of the Illinois Street Bridge.

Market Rent Adjustment

Pursuant to Lease Section 1.3B, the Port notified SFR&D on June 2, 2008 of its intent to exercise the Market Rent Adjustment, including a new market rent proposed by Port staff based on comparable Port maritime industrial leases. In response, SFR&D

submitted a draft appraisal with substantially lower maritime industrial values as comparables. SFR&D also noted that the Port's proposed rent for Pier 96 was substantially higher than that submitted by SFR&D to the Director of Public Works for purposes of its last refuse collection rate increase. As anticipated by the Lease, the parties negotiated a new rent.

On or about May 15, 2009, Port staff and SFR&D reached agreement on a Market Rent Adjustment effective October 1, 2008. The terms of the agreement are on file with the Deputy Director of Real Estate. The parties valued Pier 96 maritime shed space at \$0.57/sf, based on SFR&D expenditures of \$790,323 for the roof and walls. The parties valued adjacent paved open at \$0.19/sf due to SFR&D expenditures of \$185,207 for site paving repairs to repair settlement damage and periodic flooding that limits use of the subject land. Since these rates represent a combined 52% rent increase, rent increases are phased over time through December 31, 2016, factoring in the time value of money.

Fifth Amendment and Restatement of L-12540

Pursuant to City law (Administrative Code Appendix 1), the rates for residential refuse collection services are set by the City at intervals largely determined by SFR&D. SFR&D submits a rate application projecting costs over a rate period and assuming a rate of return to the Director of Public Works, who convenes public hearings. The decision of the Director of Public Works can be appealed to a three member Rate Board. The last such rate increase that occurred was effective June 27, 2006; the rate is expected to remain in effect for five years (until 2011), absent a new rate application by SFR&D. These rates include costs associated with Recycle Central at Pier 96, including Pier 96 rent.

Over the course of negotiations, the parties discussed the timing of the City's refuse collection rates and Market Rent Adjustments pursuant to the Lease and recognized the mutual benefit of adjusting rents to market prior to Director of Public Works rate hearings. SFR&D could then supply actual, rather than projected, Pier 96 rents to the Director.

In 2005, the Port stopped handling container traffic at Pier 80, although the facility retains the capacity to handle containers. Each time SFR&D has requested a waiver of one half of the Maritime Deficiency Fee, the Port's Maritime Division has approved the waiver request, due to a lack of container vessel activity to ship SFR&D's recyclable materials to Pacific Rim markets. During negotiations, SFR&D stated its desire for a more certain approach to the waiver of one half of the Maritime Deficiency Fee.

Table 2 below sets forth the terms of the proposed Fifth Amendment. Port staff notes that these proposed terms do not relate to rent, use of the facility, the premises or term of use.

Table 2: Fifth Amendment to Lease L-12540

Term	Description
Schedule for Market Rent Adjustments	Future Market Rent Adjustments will be adjusted to the fair market rental value for similarly situated industrial Port maritime properties, on the following dates: January 1, 2012, January 1, 2017 and January 1, 2022. (Assumes the City's refuse collection rates will remain on a five-year schedule.)
Tenant Request for Market Rent Adjustment	Tenant may, no less than sixty (60) days prior to filing a Notice of Intent to File Application with the Department of Public Works as the first step in seeking a residential solid waste rate increase, request a Market Rent Adjustment. Port, in its sole discretion, may agree or decline to perform a Market Rent Adjustment.
Maritime Deficiency Fee	Port must waive one half of the Maritime Deficiency Fee when the Port is not served by one or more container shipping lines that move at least 10,000 TEU Container Units per month, with at least four departures each month from the Port to destinations in Asia utilizing Port berths dredged to a depth of not less than 40 feet below mean lower low water. (Reflects the closure of Pier 80 as a container facility.)
Early Termination	Tenant may not exercise its early termination option until January 1, 2012.
Notice of Early Termination	Within sixty (60) days from the date of Tenant's application for any land use or regulatory permit to facilitate Tenant's relocation from the Premises to another location, Tenant will provide Port with written notice of such application. Upon Tenant's delivery of such notice, Port may market the Premises to prospective future developers and/or tenants, and Tenant will afford Port reasonable access to the Premises for such purposes.
City Requirements	The Fifth Amendment incorporates all new City ordinances adopted since the last amendment.
Southern Waterfront Beautification Policy	Tenant's \$1,000,000 contribution toward the construction of the Illinois Street Bridge constitutes compliance with the Southern Waterfront Beautification Policy for the purposes of this Fifth Amendment.

If approved by the Port Commission, the Fifth Amendment will take effect only if the parties execute a companion letter agreement effectuating a Market Rent Adjustment effective October 1, 2008.

Staff Recommendation

Port staff recommends approval of the attached resolution.

Prepared by: Brad Benson, Special Projects Manager

Exhibit A:
History of Lease No. L-12540 Lease Amendments

Table 3: History of Amendments to Lease L-12540		
Amendment	Date	Terms Amended
First Amendment	June 30, 1998	Commencement Date, Termination Date and Rent Commencement Date
Second Amendment	December 17, 1998	25 Year Term, adding wharfage payments and making other changes
Third Amendment	July 9, 2001	Premises, Base Rent and other provisions
Fourth Amendment to and Restatement	June 12, 2002	Permitted Uses, Base Rent and Security Deposit provisions, adding square footage to the Premises, revising certain maintenance obligations, and making other updates

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-41

- WHEREAS, Charter Section 4.114 grants to the Port Commission the authority and duty to use, conduct, operate, maintain, regulate and control the lands within the Port jurisdiction; and
- WHEREAS, Port and Tenant entered into Port Lease No. L-12540, dated January 22, 1998 for that certain real property located at Pier 96 in the City and County of San Francisco, State of California, and subsequently entered a Second, Third and Fourth Amendment to and Restatement of Lease, the last dated June 12, 2002 (the "Lease"); and
- WHEREAS, the Lease has a term of twenty-five years (starting on August 1, 1998 and expiring on July 31, 2023) and provides for a market rate rent adjustment to the fair market rental value for similarly situated industrial Port maritime properties ("Market Rent Adjustment") every five (5) years; and
- WHEREAS, on June 2, 2008, Port notified Tenant of its intent to exercise the Market Rent Adjustment and the parties each evaluated the value of the property based on then current market rates; and
- WHEREAS, on or about May 15, 2009, pursuant to Section 1.3B of the Lease, Port staff and Tenant reached agreement on a Market Rent Adjustment effective October, 1, 2008 (Year 10 of the Lease); and
- WHEREAS, during negotiations, Port and Tenant have agreed to make other related revisions, comprised in a Fifth Amendment to the Lease (the "Fifth Amendment"), including provisions to: (i) accelerate the dates on which rent is adjusted to market rates and allow for flexibility in the timing of future market rent adjustments and realign the dates for cost of living increases to correspond with the market rate adjustments; (ii) correct a cross-reference error in the section regarding holdover period rent; (iii) delay Tenant's right to unilaterally terminate until January 1, 2012 and add an early notice provision; (iv) add circumstances under which Port must waive one-half (1/2) of Tenant's payment of the Maritime Deficiency Fee; and (v) add City requirements that were adopted subsequent to the effective date of the Fourth Amendment and Restatement of Lease; and
- WHEREAS, Tenant's February 12, 2002 payment of a One Million Dollar (\$1,000,000) Mitigation Fee as a contribution to the construction of the Illinois Street Bridge constitutes compliance with Port's Southern Waterfront Beautification Policy for purposes of this Fifth Amendment; now, therefore be it

RESOLVED, that the Port Commission approves the Fifth Amendment and authorizes the Executive Director or her designee to execute the Fifth Amendment, in substantially the form on file with the Port Commission Secretary; and, be it further

RESOLVED, that the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the Fifth Amendment that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the Fifth Amendment contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Fifth Amendment, and any such amendments thereto; and, be it further

RESOLVED, that the Fifth Amendment shall not become effective before the date on which the Port and Tenant execute a letter agreement effectuating the Market Rent Adjustment, a copy of which is on file with the Port Commission Secretary.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 11, 2009.


Secretary



MEMORANDUM

August 6, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Brad Benson
Special Projects Manager 

SUBJECT: Request approval of Memorandum of Understanding between the San Francisco Public Utilities Commission and the Port regarding the North Shore Force Main Sewer Improvement Project including Seawall Lot 351 located at Washington Street at Embarcadero

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

BACKGROUND

On May 26, 2009, the San Francisco Public Utilities Commission (SFPUC) Waste Water Enterprise staff provided an informational presentation to the Port Commission regarding the North Shore Force Main Improvement Project ("Project"), which will start construction in Fall 2009 (Exhibit 1). As proposed, the Project will reroute flow from a structurally deficient portion of the force main that runs between Washington Street and Howard Street along the Embarcadero to a new alignment along Drumm and Spear Streets in the financial district (Exhibit 2). The force main in the vicinity of Pier 1 suffered localized failures on two occasions in 2008 that necessitated emergency repairs by SFPUC crews. The proposed rerouting of the force main will provide for system reliability in the vicinity of Ferry Plaza.

While most of the project will take place off of Port property, the proposed design will make use of an existing combined sewer overflow structure that runs along Jackson Street and crosses Port property at Seawall Lot (SWL) 351. Two subsurface vaults will be built in the sidewalk adjacent to SWL 351 to transition the existing force main which runs along the Embarcadero into a new alignment that runs west towards Drumm Street through the existing combined sewer overflow structure. Construction of these vaults will require minor excavation at SWL 351 and the adjacent sidewalk area.

This Print Covers Calendar Item No. 8B

Port staff has coordinated with the SFPUC to ensure that improvements in the vicinity of SWL 351 are designed and constructed in a manner that minimizes impacts to future development of SWL 351. Furthermore, the Port will not incur any costs associated with the Project. These discussions are memorialized in the Memorandum of Understanding (MOU) presented today for Port Commission consideration.

MEMORANDUM OF UNDERSTANDING

Port and SFPUC staffs propose entering into an MOU for the North Shore Force Main Improvements project, included as Exhibit 3 to this report. The proposed MOU provides for the following:

1. Documentation of SFPUC's easement for the combined sewer overflow structure at SWL 351, including the area to be occupied by the new sewer vault structures;
2. Establishment of SFPUC's rights and obligations with respect to construction of improvements along the easement;
3. Mitigation of temporary construction impacts associated with the Project;
4. Documentation of SFPUC's long-term maintenance obligations for new and existing infrastructure on Port property in the vicinity of SWL 351; and
5. The lease of the Port's Seawall Lot (SWL) 347S by the SFPUC at current market rates for purposes of construction laydown, for approximately 15 months.

The Project will temporarily displace roughly one-third of the parking spaces at SWL 351, which currently serves as the primary parking lot for the Ferry Building. SWL 347S, the site proposed for construction laydown activities, is not currently leased.

The MOU addresses the concerns highlighted in the May 20, 2009 staff report that the SFPUC minimize and mitigate parking impacts. The SFPUC has provided the following:

- Initiating work in the vicinity of SWL 351 in January 2010 after the holiday season and in winter months when parking demand is lower;
- Minimizing the footprint of the construction laydown area at SWL 351 and making use of SWL 347S for construction laydown; and
- Funding of up to \$50,000 for a parking shuttle that will service Saturday Farmers' Market patrons during the high season between May and October 2010.

The SFPUC has negotiated an agreement with Equity Office Partners, the Ferry Building tenant, to secure access to SWL 351 and provide reimbursement for parking revenues lost due to the Project.

COMMUNITY OUTREACH

At the May 26, 2009 Port Commission meeting, one member of the public questioned the need for this repair, based largely on their interpretation that the project would displace the Golden Gate Tennis and Swim Club. The Project will not have this effect. SFPUC staff has conducted extensive community outreach for the Project including presenting at the Port's Northeast Waterfront Advisory Group (NEWAG) on April 1, 2009. NEWAG and the greater affected community support this project.

TIME LINE

The North Shore Force Main Replacement Project is currently out to bid. SFPUC staff anticipates going before the Public Utilities Commission to seek authorization for contract award and approval of the MOU with the Port on September 8, 2009.

Date	Milestone
August 11, 2009	Port Commission Resolution approving Port/SFPUC MOU
September 8, 2009	SFPUC Commission contract award and approval of Port/SFPUC MOU
October 2009	Begin construction
January 2010	Project mobilization at SWL 351
May 2010	Initiate Saturday Parking Shuttle for Ferry Building Farmers' Market
October 2010	Construction complete.

ENVIRONMENTAL REVIEW

The SFPUC has obtained a determination from the Major Environmental Analysis division of the City Planning Department that the Project is statutorily exempt from review under the California Environmental Quality Act (CEQA). The Port Commission's approval of the MOU is not a discretionary action that is subject to environmental review under CEQA.

RECOMMENDATION

Port staff recommends the approval of the attached resolution authorizing the Port Executive Director to enter into a Memorandum of Understanding with the San Francisco Public Utilities Commission regarding the Project and consent to other actions required to replace the aging North Shore Force Main.

Prepared by: John Mundy, Utility Specialist
Kathleen Diohep, Project Manager
Elliott Riley, Sr. Property Manager

Prepared for: Ed Byrne, Chief Harbor Engineer
Byron Rhett, Deputy Director, Planning and Development
Susan Reynolds, Deputy Director, Real Estate

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-42

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, The Port owns an approximately 27,937 square foot parcel at Seawall Lot 351 (SWL 351), located at Washington and The Embarcadero; and

WHEREAS, The San Francisco Public Utilities Commission (SFPUC) proposes improvements to the North Shore Force Main sewer line on and in the vicinity of SWL 351 necessary to maintain the integrity of the sewer infrastructure and protect public health (the "Project"); and

WHEREAS, The SFPUC has obtained a determination by the Major Environmental Analysis division of the Planning Department that the SFPUC's project is statutorily exempt from review under the California Environmental Quality Act, and the actions authorized under this resolution are in furtherance of the Project; and

WHEREAS, SWL 351 is presently licensed by the Port to Ferry Building Investors, LLC ("Port's Licensee"), pursuant to that certain Parking Agreement, dated as of April 10, 2001, as amended, to provide short-term parking to serve visitors to the waterfront; and

WHEREAS, On May 12, 2009, the San Francisco Port Commission heard a presentation by the SFPUC Staff regarding the need for the Project and received public comment; and

WHEREAS, Port Staff has negotiated with the SFPUC a Memorandum of Understanding (MOU) that includes terms and mitigations for construction on and around SWL 351, and believes that the MOU ensures that the interests of the Port and the Port's Licensee are addressed; therefore be it

RESOLVED, That the San Francisco Port Commission hereby authorizes the Port Executive Director to enter into a Memorandum of Understanding (MOU) with the San Francisco Public Utilities Commission regarding the Project consistent with the terms in the staff report accompanying this resolution and in substantially the form on file with the Port Commission Secretary, subject to approval by the City Attorney; and, be it further

RESOLVED, That, except as provided in this Resolution, the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the MOU that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port, do not materially increase the obligations or liabilities of the Port, and are necessary or advisable to complete the transactions that the Agreement contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the MOU, and any such amendments thereto; and, be it further

RESOLVED, That the San Francisco Port Commission hereby authorizes Port staff to consent to a Permit to Enter and Use Property between Port's Licensee and the SFPUC to allow the SFPUC access to SWL 351 for the Project consistent with the terms in the staff report accompanying this resolution, subject to concurrence of the City Attorney.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 11, 2009.

SECRETARY

EXHIBIT 1

MEMORANDUM

May 20, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational presentation by San Francisco Public Utilities Commission staff on North Shore Force Main Sewer Improvement Project including Seawall Lot 351 located at Washington Street at Embarcadero.

DIRECTOR'S RECOMMENDATION: Informational Only – No Action Required

INTRODUCTION

The San Francisco Public Utilities Commission (SFPUC) Waste Water Enterprise will begin construction of the North Shore Force Main ("force main") Improvement Project starting Fall 2009. Currently, the force main sewer runs along the Embarcadero Roadway between North Point Street and Channel Pump Station on Mission Creek. The proposed construction project will reroute flow from a structurally deficient portion of the force main between Washington Street and Howard Street away from the Embarcadero to a new alignment along Drumm and Spear Streets (see Attachment 1).

The proposed project includes open trenching on Spear, Drumm and Howard Streets, and underground work in the Jackson Street right-of-way and crossing Market Street. Most of the project will take place off of Port property. The proposed design will make use of the existing combined sewer overflow structure that runs along Jackson Street and crosses Seawall Lot (SWL) 351, reducing the need for excavation on Port property. Two subsurface vaults will be built in the sidewalk adjacent to SWL 351 to transition the existing force main from the Embarcadero into the combined sewer overflow structure. Construction of these vaults will require minor excavation at SWL 351 and the adjacent sidewalk area. The proposed project will be fully funded by SFPUC.

This Print Covers Calendar Item No. 11A

Port staff is currently working with SFPUC to develop a Memorandum of Understanding (MOU) that will: 1) document SFPUC's easement for the combined sewer overflow structure at SWL 351, including the area to be occupied by the new vault structures; 2) define SFPUC's rights and obligations with respect to construction of improvements along the easement, and 3) memorialize SFPUC's long-term maintenance obligations for the easement.

BACKGROUND

The North Shore Force Main is a critical piece of SFPUC infrastructure that conveys sewage from Northeast San Francisco towards the Southeast Wastewater Treatment Plant in Bayview Hunters Point. Roughly a third of San Francisco's geographic area, including the entire Northeast Waterfront, and up to 375,000 people are served by this sewer. The force main in the vicinity of Pier 1 suffered localized failures on two occasions in 2008 which necessitated emergency repairs by SFPUC crews. Inspections performed by SFPUC staff after the repairs were completed revealed that a portion of the force main between Pier 1.5 and the Agricultural Building had deteriorated significantly, a situation that could result in catastrophic failure in the vicinity of the Ferry Building.

Upon discovering the deteriorated condition of the force main, SFPUC staff immediately established a capital project for its replacement ("North Shore Force Main Improvements Project"). SFPUC proposes constructing a new force main that will reroute flows away from the Embarcadero and provide system redundancy in the vicinity of Ferry Plaza (see Attachment 1). Specific to Port property, two subsurface vaults would be constructed at SWL 351 along the northern and southern edge of an existing SFPUC combined sewer right-of-way. These vaults would be used to reroute flow from the existing line to the new line, and vice versa. Once the new portion of the force main is constructed and in service, the existing portion of the force main will be taken out of service for inspection and repair.

SFPUC has coordinated with representatives from the Port to ensure that these infrastructure improvements are designed and constructed in a manner that minimizes impacts to future development of SWL 351. SWL 351 is currently the primary parking lot for the Ferry Building, with 80 striped spaces and valet capacity for approximately 100 cars. Construction of the underground vaults needed to realign the force main will require use of SWL 351 for construction laydown space and could displace approximately 41 parking spaces over a period of eight to ten months.

MOU BETWEEN SFPUC AND PORT

Port staff has been working closely with the SFPUC since late 2008 to refine the project. The project design locates the vaults in the sidewalk areas and supports those vaults with piles to minimize impact on future redevelopment of SWL 351. The PUC will also remove an abandoned SFPUC pipeline that currently crosses the SWL 351 development footprint. To minimize the construction period impact on parking at SWL 351 the Port has agreed to lease SWL 347 South to the SFPUC for construction lay

down space. SWL 347 South is located at the intersection of Howard Street and the Embarcadero and is not currently leased.

Port and SFPUC staffs are currently negotiating a Memorandum of Understanding (MOU) that will be presented to the Port Commission for approval at a subsequent meeting. The MOU will address the following issues:

1. Appropriate project review and permitting by Port staff
2. Implementation of construction techniques that will minimize noise and other impacts to the neighboring community
3. Assurances that the SFPUC will bear the costs and liabilities associated with this project.
4. A requirement that the SFPUC contract with the Ferry Building tenant, Equity Office Properties (EOP), for access to SWL 351 during the project.
5. Measures to reduce the impact of the loss of parking in the area on Saturday mornings. Such measures (likely a shuttle and promotion efforts) would be implemented in coordination with EOP.
6. Documentation of the locations of the new vaults and existing SFPUC infrastructure on SWL 351.
7. SFPUC's confirmation that it has taken measures to limit negative impacts on potential future development of SWL 351, and that such development has been considered in the design of the North Point Force Main Improvements Project.

The MOU will be effective until such time the SFPUC sewer facilities are no longer required. At such time, the SFPUC shall take actions necessary to deactivate and remove the SFPUC sewer facilities as may be reasonably required by Port, and restore the area to its original condition.

COMMUNITY OUTREACH

On April 1, 2009, SFPUC staff briefed the Northeast Waterfront Advisory Group about the project. Although there were questions, there was support for repairing the sewer line to avoid future breaks and emergency repairs. The SFPUC has also met with other stakeholders in the area including business and residential interests and developed a Fact Sheet describing the project for distribution to the local community (Attachment 2).

NEXT STEPS

Following this presentation, Port staff will complete its negotiation of the MOU with PUC. The SFPUC current schedule for the project is:

- | | |
|--------------------|--|
| • June 2009 | SFPUC puts project out to bid |
| • July 2009 | Port Commission Resolution approving Port/SFPUC MOU |
| • August 2009 | SFPUC Commission awards contract and approves Port/SFPUC MOU |
| • Sept. 2009 | Begin Construction |
| • Jan to Sept 2010 | Projected Displacement of parking from SWL 351 |
| • October 2010 | Complete Construction |

RECOMMENDATION

No action is requested at this time. Staff will return to the Port Commission to request authorization to enter into the MOU negotiated with the SFPUC. Thereafter SFPUC staff will provide periodic updates, as necessary to keep the Port and its stakeholders informed of the work's progress.

Prepared by: John Mundy, Utility Specialist
Kathleen Diohep, Project Manager
Elliott Riley, Sr. Property Manager

Prepared for: Ed Byrne, Chief Harbor Engineer
Byron Rhett, Deputy Director, Planning and Development
Susan Reynolds, Deputy Director, Real Estate

Attachments:

- Attachment 1: Aerial View of SFPUC North Shore Force Main Project Site
- Attachment 2: Fact Sheet SFPUC North Shore Force Main Project Site

Attachment 1

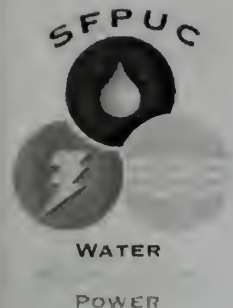
Aerial View

SFPUC North Shore Force Main Project Site

Attachment 2

Fact Sheet

SFPUC North Shore Force Main Project



Sewer Repair and Replacement Program
North Shore Force Main Sewer Improvement Project
*(Embarcadero, Drumm, Spear and Howard Streets,
San Francisco)*

Revised Fact Sheet
(May 2009)

GAVIN NEWSOM
MAYOR

ANN MOLLER CAEN
PRESIDENT

F.X. CROWLEY
VICE PRESIDENT

FRANCESCA VIETOR
COMMISSIONER

JULIET ELLIS
COMMISSIONER

ED HARRINGTON
GENERAL MANAGER

BACKGROUND:

San Francisco's wastewater collection system is a combined system and consists of 1,000 miles of sewers that transport sanitary flow and stormwater runoff. More than 70% of the city's sewers are over 70 years old. Since the late 1970's, the San Francisco Public Utilities Commission (SFPUC) has been working on sewer improvement projects throughout the City and at our wastewater treatment plants with the ongoing Sewer Repair and Replacement (R&R) Program. There are usually dozens of these R&R projects happening at any given time throughout the city. Each of these R&R projects, are coordinated with the City's street paving program through the Department of Public Works (DPW).

WHY DO WE NEED THIS PROJECT?

The North Shore Force Main is an important sewer line that transports all sanitary sewage from the northeastern part of San Francisco to the Southeast Treatment Plant for treatment. In 2008, there were two emergency repairs on the existing force main, located on the Embarcadero, and the SFPUC determined that a portion of that existing pipeline is in need of rehabilitation. The existing pipeline is the only one transporting sanitary sewage from the northeastern part of the City, and before it can be taken out of service for repair or replacement, a redundant pipe needs to be constructed.

The purpose of this project is to construct a new force main pipeline to divert sanitary sewage away from the portion of the force main that is susceptible to failure. Overall, this project will increase sewer system reliability in the area.

WHERE WILL THIS PROJECT TAKE PLACE?

- Sidewalk area of Embarcadero Street, adjacent to the Ferry Building Parking Lot (also known as SWL 351), between Washington Street and Broadway Street;
- Closed Jackson Street right-of-way from Embarcadero to Drumm Street - *trenchless/underground work*
- Drumm Street, from Jackson St. to Market Street
- Market Street intersection, off Spear Street - *trenchless/underground work*
- Spear Street, from Market Street to Howard Street
- Howard Street, from Spear Street to Steuart Street

Please refer to attached map for details.

WHEN WILL CONSTRUCTION START? HOW LONG WILL IT LAST?

This project is tentatively scheduled to start in Fall 2009, and will last approximately 12 months. Rainy weather may increase the duration of construction because sewer work cannot take place during heavy rain. There will be no construction work during the holiday season (from Thanksgiving 2009 until January 2010).

Work schedules will vary depending on the work location to reduce impact on transportation and surrounding community (businesses and residences). Once a Contractor is selected, a more detailed work schedule will be provided.

PARKING

The SFPUC is working closely with the Port of San Francisco and the San Francisco Municipal Transportation Agency to minimize the displacement of parking resources. To reduce the impact on the primary parking lot for the Ferry Building and Farmers Market, the SFPUC will work with the Port of San Francisco and assist with locating alternative parking resources in the area and closely monitor contractor activity to minimize the displacement of parking to the extent possible.

WHAT TYPE OF CONSTRUCTION WORK SHOULD I EXPECT?

A combination of trenchless (underground) work and open-cut trenching in various areas of the project alignment:

- Open-cut trenching in sidewalk area on Embarcadero Street, adjacent to the Ferry Building Parking Lot, between Washington Street and Broadway Street;
- Open-cut trenching along Drumm Street, Spear Street and Howard Street; and
- Trenchless (underground) work on Jackson Street (between Embarcadero and Drumm Street), and on Market Street.

WILL OUR SEWER SERVICE BE INTERRUPTED?

Sewer service in the area will NOT be interrupted during construction.

HOW IS THIS PROJECT FUNDED?

This project is made possible through your wastewater service charges. These service charges also pay for capital improvement projects, the maintenance and operations of our two 24-hour wastewater treatment plants and over 1,000 miles of sewers.

QUESTIONS?

For public inquiries, contact Idil Bereket, San Francisco Public Utilities Commission (SFPUC), Communications, at ibereket@sfgov.org or 415-554-0741. You can also call the main line at 415-554-3289 and ask for assistance.

A detailed notice on work schedule, hours, street parking restrictions and road closures, as well as contact information during construction will be distributed throughout the work area prior to construction. "No parking" signs will be posted in advance if necessary. Driveway access will be available at all times during construction unless otherwise notified.

To report sewer emergencies, clogged catch basins (storm drains) or street flooding, call San Francisco's 3-1-1 or visit the online self service portal at www.sfgov.org/311.

MEMORANDUM OF UNDERSTANDING

This MEMORANDUM OF UNDERSTANDING, dated for reference purposes only as of August 11, 2009, is made and entered into by and between the SAN FRANCISCO PUBLIC UTILITIES COMMISSION, hereinafter called "SFPUC", and the SAN FRANCISCO PORT COMMISSION, hereinafter called "Port", both entities agencies of the CITY AND COUNTY OF SAN FRANCISCO.

RECITALS

A. Certain property located at the intersection of The Embarcadero and Washington Street commonly referred to as Seawall Lot 351 ("SWL-351") is under the jurisdiction of the Port. SWL-351 is presently licensed by the Port to Ferry Building Investors, LLC ("Port's Licensee"), pursuant to that certain Parking Agreement, dated as of April 10, 2001, as amended.

B. The SFPUC presently maintains a sewer line which services northeast San Francisco known as the North Shore Force Main. A portion of the North Shore Force Main is to be relocated beneath the surface of SWL-351 and adjacent property which is under the Port's jurisdiction (the "Subject Area") in the general location shown on the attached Exhibit A. The SFPUC intends to construct certain improvements to such sewer line which are necessary to maintain the integrity of the sewer infrastructure. The improvements will include the installation of new underground equipment and installations and removal of some existing equipment and installations. The proposed work is referred to by the SFPUC as the North Shore to Channel Force Main Improvement, and is referred to in this Memorandum of Understanding (this "MOU") as the "Project".

C. The Port and the SFPUC now wish to enter into this MOU to set forth the conditions under which the SFPUC will construct the Project and access, occupy, operate and maintain the facilities in the Subject Area, and certain other matters relating to the Project set forth below.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

AGREEMENT

1) The Port hereby grants permission to the SFPUC and its agents and contractors (the "SFPUC Parties") to enter the Subject Area.

2) The Port's permission to enter the Subject Area is granted only for purposes of accessing, constructing, operating, maintaining, repairing and replacing the SFPUC sewer facilities.

3) Such permission to enter the Subject Area shall terminate in the event that the SFPUC elects to permanently terminate operation of the sewer infrastructure installed within the Subject Area. In such case, SFPUC shall take action to deactivate and remove the sewer lines within the Subject Area as may be reasonably required by

Port, and restore the Subject Area to the condition existing prior to the removal of the sewer lines or as otherwise agreed by the Port and the SFPUC at that time.

4) The SFPUC Parties shall not interfere with any Port structures or any commercial, industrial or maritime activities, including but not limited to, roads, railroads, and waterways and any operations thereon, or any operations of Port tenants, or access of Port tenants to their leased premises, except as are necessary to construct, maintain and repair the sewer facilities shown on Exhibit A. In particular, two-way vehicle traffic along The Embarcadero roadway shall be maintained throughout the Project. The SFPUC recognizes that interference by the SFPUC Parties with any of Port tenants' commercial, industrial or maritime activities may result in tenants filing damage claims against the SFPUC and the Port. The SFPUC agrees to hold the Port harmless and defend the Port from any such claims. The SFPUC will not settle any such claims without the concurrence of the Port.

5) The SFPUC shall construct the Project in a manner that minimizes impact to future development of SWL-351.

6) The SFPUC shall obtain any and all federal, state, regional or local governmental approvals necessary for the Project.

7) SFPUC shall require each contractor it hires to secure public liability insurance in an amount not less than five million dollars (\$5,000,000) Combined Single Limit, including auto and contractuels, with endorsements naming the Port of San Francisco and its officers, agents, and employees as co-insured in a form acceptable to the City's Risk Manager.

8) As part of the Project, the SFPUC shall remove the portion of an out-of-service 21" gravity sanitary sewer line crossing the Subject Area depicted on attached Exhibit A.

9) Plans and specifications for the construction, maintenance, repair, additions, and modifications to the sewers located within the Subject Area shall be submitted to and approved by the Chief Harbor Engineer of the Port, as evidenced by the issuance of an Encroachment Permit. No work shall commence without approval of plans and specifications by the Port's Chief Harbor Engineer, which approval shall not be unreasonably withheld. The SFPUC agrees that the Port may impose reasonable conditions to its approval based on the nature of the work and the conditions in and under the Subject Area. The Port's approval or disapproval will be forthcoming without unreasonable delay after submission by the SFPUC of plans and specifications for review by the Port Engineering Division. The SFPUC may, however, make any repairs or changes under emergency conditions that are determined to be necessary by the SFPUC upon the oral approval of the Port's Chief Harbor Engineer or his designee. The SFPUC agrees to provide the Port with copies of as-built plans of any work performed on the sewer infrastructure on property under Port jurisdiction.

10) The SFPUC shall, without expense to the Port, repair any damage to any property under Port jurisdiction, including property owned or controlled by Port tenants, caused by the construction, maintenance, repair, or operation of the sewer facilities. Where the construction, maintenance, repair or operation of the sewer

requires opening, changing location, or interference with Port-owned facilities such as pipelines, streets, railroad tracks, utilities, structures, or other Port installations, the SFPUC shall, without expense to the Port, do whatever work is required to support, maintain, or relocate such installations in a manner that will cause the least interference with the usefulness of Port installations.

11) The Port shall allow the SFPUC's contractor to lease SWL-347S, as shown on the attached Exhibit B, at current market rates for the construction duration of approximately 15 months, beginning no later than December 2009.

12) The SFPUC shall, at its own expense, negotiate and execute an agreement with the Port's Licensee for the use of SWL-351 for the Project, including, without limitation, for storage of material and equipment, excavation, and installation of underground equipment. The Port shall not unreasonably withhold, condition or delay consent to the negotiated agreement between the SFPUC and the Port's Licensee for the use of SWL-351.

13) In coordination with Port staff, the SFPUC shall provide up to \$50,000 to fund the cost of a parking shuttle for Saturday Farmers Market patrons from May 2010 through October 2010.

14) The SFPUC acknowledges the Port's intent to redevelop SWL- 351, and agrees that the Port may erect or approve construction of permanent structures up to the boundaries of the sewer easement line shown in Exhibit A, provided that the sewer system is protected from damage and has surface access for routine operation and maintenance by the SFPUC Parties.

15) The SFPUC shall perform pre-and post-construction settlement surveys along the length of The Embarcadero and, where the proposed improvements are to be installed within the Subject Area, and provide copies of survey reports to the Port Engineering Division upon their availability.

16) The SFPUC shall bear the total cost of constructing, maintaining, repairing and operating the entire North Shore Force Main sewer facilities.

17) Upon the completion of the Project, the SFPUC shall promptly return the surface of the Subject Area to its prior condition, including repaving and regrading any existing roadway as required.

18) The SFPUC shall provide proper notification to the Port of its contractor's schedule, work with Port tenants to notify them of the schedule and accommodate their operations in a reasonable manner, and provide the Port with the opportunity to recommend reasonable modifications to the schedule or sequence of operations, to preserve Port tenant operations and minimize disruptions thereto.

19) The SFPUC shall provide the Port a metes and bounds survey of the Subject Area, to include areas of SWL 351 currently occupied by combined sewer infrastructure.

20) The SFPUC acknowledges the right of the Port, at its sole discretion, to transfer property rights and interest in the Subject Area to other public and private

entities. If the Port transfers any interest in any portion of the Subject Area to a non-City entity, the Port shall provide such transferee or permittee with a copy of this MOU and require, as a condition precedent to any transfer agreement or permit, that the non-City entity grants the SFPUC the form of an easement or other access agreement to be recorded concurrently with the close of the transfer or permit.

20) All notices to be given pursuant to this MOU shall be addressed as follows:

If to Port, to:

Chief Harbor Engineer
Port of San Francisco
Pier 1
San Francisco, CA 94111

If to SFPUC, to:

General Manager
1155 Market Street, 11th Floor
San Francisco, CA 94103

and to:

Assistant General Manager
Wastewater Enterprise
1155 Market Street, 11th Floor
San Francisco, CA 94103

IN WITNESS THEREOF, the parties have executed the foregoing
Memorandum of Understanding as of the _____ day of _____, 2009.

SAN FRANCISCO PUBLIC UTILITIES
COMMISSION

SAN FRANCISCO PORT COMMISSION

By: _____
TOMMY MOALA
Assistant General Manager
Wastewater Enterprise

By: _____
ED HARRINGTON
General Manager
San Francisco Public Utilities
Commission

By: _____
MONIQUE MOYER
Executive Director
Port of San Francisco

Reviewed:

City Attorney
DENNIS J. HERRERA

Reviewed:

City Attorney
DENNIS J. HERRERA

By:

By:

By: _____
JOHN RODDY
Deputy City Attorney

By: _____
JOANNE SAKAI
Deputy City Attorney

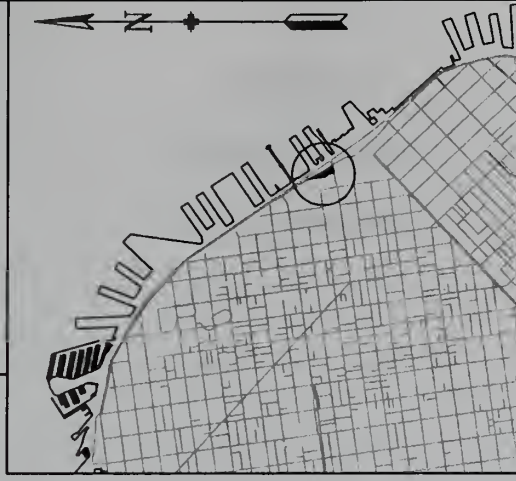
EXHIBIT A

Site plan for Project within Subject Area

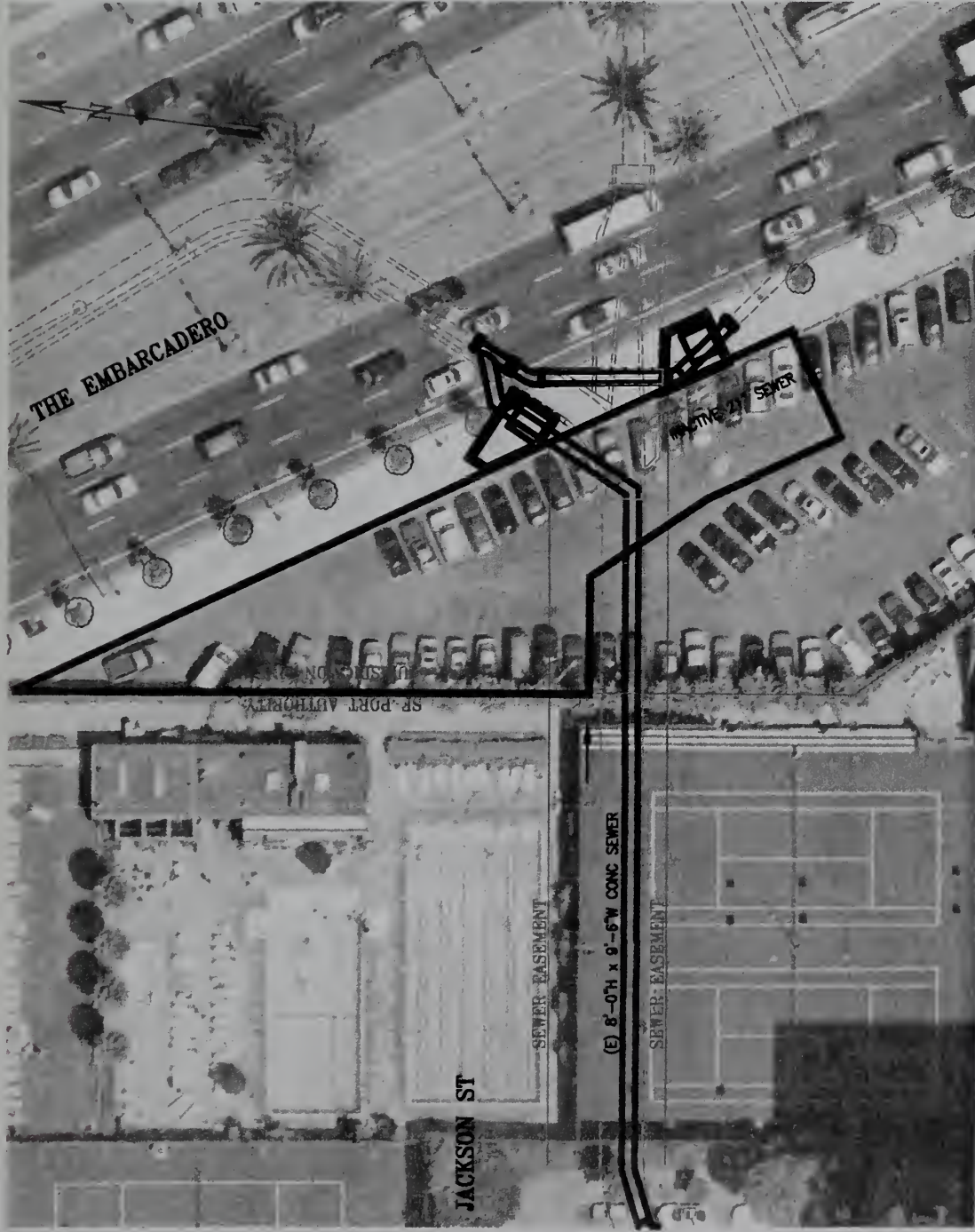
(To be attached.)

LEGEND

- New PUC Infrastructure
- - - Existing PUC Infrastructure



LOCATION MAP



SWL-351

EXHIBIT B

Seawall Lot 347-S

(To be attached.)



MEMORANDUM

August 6, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Tina Olson 
Deputy Director, Finance and Administration

SUBJECT: Request Approval of Fiscal Year 2009-10 Executive Director Salary

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Charter Section B3.581(h) grants the Port Commission the exclusive authority to set the compensation of the Port Executive Director. The Charter provides that the Executive Director's compensation shall not exceed the prevailing salaries paid to those holding similar positions in comparable maritime employment.

Staff conducted a survey of the salaries of Port Directors in the eight major West Coast ports. Of the eight seaports surveyed, three have authority over both the seaport and the airport. The remaining five ports have jurisdiction over the seaport only. For the latter group, the average annual salary is \$243,295. A listing of such salaries is attached hereto.

As has been its practice, staff also surveyed the salaries paid to the directors of other enterprise departments and similar departments of the City and County of San Francisco, including the Airport, Public Utilities Commission, Department of Public Works, Health Department and the Municipal Transportation Agency. The average salary of those directors is \$272,702. A listing of such salaries is attached hereto.

Further, each of those directors is provided with a City vehicle and free parking. The Port's Executive Director declined the use of a Port vehicle. That vehicle was surplus and the proceeds were returned to the Port in August 2004. Additionally, commencing August 1, 2005, the Port's Executive Director has paid, on a monthly basis, for parking at the Port for her private vehicle.

Because of the Charter provision stating that the Port Executive Director's salary is set by the Port Commission, the Port Executive Director is subject neither to collective bargaining

This Print Covers Calendar Item No. 8C

nor representation by an employee organization. Nearly all other department heads and the Mayor are represented by the Municipal Executives Association (MEA) and have their salaries set through the collective bargaining process.

The Port Commission's past practice has been to set the benefits and working conditions of the Port Executive Director in accordance with the benefits and working conditions provided in the collective bargaining agreement between the City and County of San Francisco and MEA.

Per MEA's current MOU with the City, managers represented by MEA are not scheduled to receive a salary increase for FY 2009-10. However, on June 30, 2011, MEA salaries are scheduled to increase by 2%.

During the City's FY 2009-10 budget negotiations, MEA agreed to have their represented employees take the value of four (4) furlough days through waiving the pay for performance 1.5% lump-sum payment otherwise due to be paid in October 2010. However, because the Port Executive Director position is not represented by MEA, the Port Executive Director has not received the annual lump-sum bonus enjoyed by MEA represented employees since the inception of the pay for performance program in October 1, 1998. As a result, there is no recommendation that the Port Executive Director receive a wage reduction in the equivalent of four furlough days as negotiated by MEA for their represented members.

Additionally, MEA previously agreed to five unpaid furlough days in each fiscal year over a two fiscal year period in order to save jobs and preserve City services. Therefore in FY 2008-09 and FY 2009-10, the equivalent of five unpaid furlough days is deducted from MEA represented employees' pay through the use of unpaid administrative leave, resulting in an approximate 2% wage reduction for each fiscal year.

If the Port Executive Director's salary increases at the same rate as that of employees represented by MEA, her salary will not increase in FY 2009-10. However, the Executive Director will continue to take the five unpaid furloughs and the reduced salary of \$234,113 after the annual work furlough reduction. This salary does not exceed the average annual salary currently paid to Port Directors in other West Coast ports and conforms to the requirements of Charter Section B8.3581.

It is recommended, therefore, that the salary and benefits for the Port Executive Director be set this year in accordance with the salary and benefits adopted by the Port Commission for FY 2009-10 pursuant to the terms of the collective bargaining agreement between the executive management bargaining group represented by the Municipal Executives Association. The proposed salary conforms to the salary setting parameters set in Charter Section B3.581.

Prepared by: Lavena Holmes-Williams
Human Resources Manager

For: Tina Olson, Deputy Director
Finance & Administration

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-43

- WHEREAS, Section B3.581(h) of the Charter grants the Port Commission the exclusive authority to set the compensation (salary and benefits) of the Port Executive Director; and
- WHEREAS, Section B3.581(h) of the Charter provides that the compensation of the Port Executive Director shall not exceed prevailing salaries paid to those holding similar positions in comparable maritime employment; and
- WHEREAS, a survey of salaries paid to Port Directors in the major west coast seaports indicated that the current average compensation is \$243,295; and
- WHEREAS, a survey of City department heads in similar enterprise departments indicated that the average salary as of July 1, 2009 is \$272,702; and
- WHEREAS, it has been the practice of the Port Commission to establish benefits and working conditions for the Port Executive Director in accordance with the benefits and working conditions provided in the collective bargaining agreement between the City and the Municipal Executives Association; now, therefore be it
- RESOLVED, that the salary of the Port Executive Director for Fiscal Year 2009-10 will not increase; and, be it further
- RESOLVED, that the Port Executive Director will take 39 hours of unpaid administrative leave over FY 2009-10 in accordance with the Municipal Executives Association practices; and, be it further
- RESOLVED, that the benefits and working conditions provided to the Port Executive Director in Fiscal Year 2009-10 will be the same as those provided to employees represented by the Municipal Executives Association in Fiscal Year 2009-10.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of August 11, 2009.

Secretary

PORT DIRECTOR SALARY SURVEY **AUGUST 2009**

PORT	SEA/AIR	CURRENT SALARY	EFFECTIVE DATE	INCREASE FROM PREV REVIEW	EMPLOYEES	TOTAL GROSS REVENUE
Long Beach	Sea	\$ 270,500	1/1/2008	11%	408	\$ 429,332,104
Los Angeles	Sea	\$ 300,964	7/1/2008	13%	972	\$ 426,300,000
Oakland	Sea/Air	\$ 250,008	2/1/2008	FLAT	641	\$ 291,226,970
Portland	Sea/Air	\$ 269,910	4/9/2009	<2.7%>	755	\$ 325,000,000
San Diego	Sea	\$ 200,013	1/6/2009	<14.0%>	630	\$ 151,000,000
Seattle	Sea/Air	\$ 319,300	3/1/2009	FLAT	1600	\$ 534,559,000
Stockton	Sea	\$ 225,000	6/2/2008	FLAT	95	\$ 32,282,500
Tacoma	Sea	\$ 220,000	1/1/2008	FLAT	230	\$ 102,102,000
Total		2,055,695				
Average-All Ports		\$ 256,962		1%		
Average-Seaport only		\$ 243,295				
San Francisco	Sea	\$ 238,586	12/27/2008		218	\$ 61,815,410

LY #s used - Dept did not respond to survey, results from last year survey carried forward

CITY AND COUNTY OF SAN FRANCISCO DEPARTMENT HEADS	CURRENT SALARY
Director, PUC (LY #s used)	\$ 294,580
Director, Airport	\$ 294,580
Gen Mgr, MTA	\$ 315,139
Dir, DPW	\$ 204,750
Director of Health	\$ 254,462
Average	\$ 272,702
Port Director	\$ 238,586

PORT DIRECTOR SALARY IF
PORT COMMISSION GRANTS
MEA SALARY AND BENEFITS
7/1/2009
238,586
Less Furloughed Days
(4,473)
234,113



MEMORANDUM

August 6, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Sidonie Sansom *SS*
Director, Homeland Security

SUBJECT: Request authorization to accept and expend \$5,771,340 in Proposition 1B grant funds from the California Office of Homeland Security for security improvements.

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Funding Overview

The State of California Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (the "Bond Act"), approved by voters in 2006 as Proposition 1B, authorized the issuance of \$19,925,000,000 in general obligation bonds. Section 8879.23(c)(3) directs that \$100 million of those funds be made available to issue grants for port and maritime security projects. Senate Bill (SB) 88, which implements the funding provisions in the Bond Act, was signed by the Governor and chaptered into law on August 24, 2007. The legislature appropriated \$60 million of the California Port and Maritime Security Grant Program funds in FY 2008, of which the Port has been awarded \$5,771,340. In FY 2007, \$40 million was appropriated, of which the Port received \$3,117,512.

During the past year, Port staff has collaborated closely with the other major Bay Area ports (Oakland, Richmond, and Stockton), other maritime stakeholders, and the Coast Guard to improve maritime security throughout the region. The 2007 federal Department of Homeland Security (DHS) grant funds successfully sought by the Port provide funds to improve security both within the Port of San Francisco, and on a regional basis. Past projects funded by federal and state grants include a Security and Vulnerability Assessment, Emergency Operations Plan, Physical Security Plan, security upgrades to the Pier 35 Cruise Ship Terminal and Pier 80, high security fencing, security lighting, and video surveillance equipment.

This Print Covers Calendar Item No. 8D

The Port's Grant Application

Port staff has been awarded the following grant funds from the State of California, under the 2008 California Port and Maritime Security Grant Program (PSGP):

- **Port-Wide Access Control and Fiber Optic Security Network -** **\$1,700,000**
consisting of a fiber-optic network and access control equipment to approximately 20 Port facilities. The Port does not currently have an integrated access control system. This system will improve perimeter security and increase domain awareness through information-sharing with partners that provide layered security to the Port. Project costs are fully funded by the 2008 California Port and Maritime Security Grant Program grant.
- **Funding for Design of the Joint Operations and Security Center (JOS) Design -** **\$1,865,000**
to complete schematic design services, including spatial requirements; mechanical and electrical loads for communications; computer and emergency equipment; as well as construction documents. The JOS will co-locate the San Francisco Police Department (SFPD) Marine Unit, SFPD Dive Team, Port's Hyde Street Harbormaster and San Francisco Fire Department (SFFD) fast response crews, include a fully equipped dive locker for joint SFPD, SFFD and Port dive team use, provide space for a security monitoring station, and house the Port's Alternate Department Operations Center (DOC). Project costs are fully funded by the 2008 California Port and Maritime Security Grant Program grant.
- **Building Occupancy and Resumption Program (BORP)** **\$ 175,000**
Enrollment - to provide the 25% match for funding requested through the Department of Homeland Security (DHS) 2007 Supplemental PSGP. Total BORP Enrollment project costs are \$700,000. The Area Maritime Security Committee recommended that FEMA approve the Port's application for DHS 2007 Supplemental PSGP funds; in the event FEMA does not approve the Port's request, Port staff can use this funding to enroll a smaller number of Port facilities in BORP. This project will increase Port resiliency efforts by significantly reducing the resumption-of-use time for Port facilities following a disaster. The BORP program allows building owners to obtain pre-certification for private post-disaster inspection of enrolled facilities by qualified, licensed engineers. Due to the extreme demands placed on Port Engineering staff and City building inspectors immediately following a major seismic event, resumption-of-use of Port buildings could take months, even if no substantial damage had occurred to them. Enrolling critical Port facilities in BORP will dramatically reduce the resumption-of-use time for Port facilities following an event.
- **High Security Fencing Project -** **\$ 125,000**
to provide the 25% match for funding requested through the Department of Homeland Security

(DHS) 2007 Supplemental PSGP. Total High Security Fencing project costs, for this phase of fencing, are \$500,000. The Area Maritime Security Committee recommended that FEMA approve the Port's application for DHS 2007 Supplemental PSGP funds; in the event FEMA does not approve the Port's request, Port staff can use this funding to install high security fencing at a smaller number of Port facilities. This project will continue installation of the high security fencing on Port property. This project, in conjunction with other perimeter hardening projects, will reduce the risk of Port property being used to stage terrorist attacks and will deter criminal activity on Port property. \$125,000

- **Pier 50 Emergency Power Project** - to provide the 25% match for funding requested through the Department of Homeland Security (DHS) 2007 Supplemental PSGP. Total Pier 50 Emergency Power project costs are \$1,000,000. The Area Maritime Security Committee recommended that FEMA approve the Port's application for DHS 2007 Supplemental PSGP funds; in the event FEMA does not approve the Port's request, Port staff can use this funding to complete a portion of the project and seek additional grant funding from other sources. This project will provide the Port of San Francisco Maintenance Division, essential to the Port's response and recovery operations following a natural or human-caused disaster, with emergency power sufficient to run critical equipment in the Division's 24 shops and second deck conference room. If Pier 1 is damaged and the Port's DOC rendered unusable, Port DOC operations will shift to the Pier 50 conference room. From that location, Port staff will direct emergency response activities throughout the Port, as well as provide personnel, supplies and facilities to support citywide disaster response activities. **\$ 250,000**
- **Type 1 Fireboat/CBRNE (Chemical, Biological Radiological, Nuclear and Explosive) All Hazards Response Vessel for San Francisco Fire Department (SFFD)** - to provide 6¼ % of the 25% match for funding requested through the Department of Homeland Security (DHS) 2007 Supplemental PSGP. SFFD is seeking a waiver from the Secretary of the Department of Homeland Security for the remaining 18¾ % match. The purpose of this investment is to enhance the capability of the Fire Department to provide rapid waterborne emergency medical service, Search & Rescue, prevent & respond to waterborne acts of terrorism, natural & human-caused disasters, environmental mishaps & other maritime threats throughout the Greater Bay Area. This will be accomplished through replacement of a 50+ year old single mission vessel with an enhanced Type 1 Fireboat/CBRNE response watercraft. The SFFD is currently the only fire department in the region providing full-time Type 1 firefighting capabilities & all-hazards waterside response services. **\$ 425,000**

- Dive Equipment for San Francisco Police Department (SFPD) Dive Team** - Project costs are fully funded by the 2008 California Port and Maritime Security Grant Program grant. This investment will strengthen the SFPD Dive Team's CBRNE (Chemical, Biological, Radiological, Nuclear, and Explosive) response capability, as well as improve their ability to respond to natural or human-caused disasters in the waters off San Francisco. The SFPD Dive Team is the primary response team to underwater incidents with a criminal or terrorist nexus at the Port. This project includes diver decontamination equipment, diver surface supply system upgrades, diver training for CBRNE events and devices, and PPE (Personal Protective Equipment) upgrades. **\$ 125,000**
- CBRNE Prevention and Response Vessels for SFPD Marine Unit** - Project costs are fully funded by the 2008 California Port and Maritime Security Grant Program grant. To adequately patrol the San Francisco waterfront, maintain its readiness posture, and to increase its detection capabilities, the Marine Unit needs to replace two aging rigid hull inflatable boats - which have exceeded their service life and are not equipped for heavy weather, night or low visibility operations - with two CBRNE-capable all-weather vessels. Additional equipment for use aboard the replacement vessels, as well as on the Marine Unit's 47' patrol vessel include upgrades to the Marine Unit's existing sonar unit, side scan sonar, night vision systems, a multifunction navigation display, a floating docking system, upgrades to existing radar & electronic/navigational systems & level B exposure suits. **\$1,106,340**

TOTAL **\$5,771,340**

Unlike the federal DHS grant funds, no matching funds are required for projects requested through this program. The grant performance period will end on March 31, 2011.

Port Commission Action

Port staff seek Port Commission authorization for the Executive Director to accept and expend Proposition 1B grant funds from the California Department of Homeland Security for port security improvements.

Prepared by: Sidonie Sansom
Director of Homeland Security

Daley Dunham
Principal Administrative Analyst

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-44

- WHEREAS, The State of California Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (the "Bond Act"), approved by voters in 2006 as Proposition 1B, authorized the issuance of \$19,925,000,000 in general obligation bonds. Section 8879.23(c)(3) directs that \$100 million of those funds be made available to issue grants for port and maritime security projects; and
- WHEREAS, Senate Bill (SB) 88, which implements the funding provisions in the Bond Act, was signed by the Governor and chaptered into law on Aug 24, 2007; and
- WHEREAS, The Port applied to the California Office of Homeland Security (OHS) for grant funding under OHS' FY 2008 Port Security Grant program; and
- WHEREAS, On June 30, 2009 OHS awarded the Port \$5,771,340 for various security upgrades, including access controls and fiber optics, building design funding, Building Occupancy Resumption Program enrollment, security fencing emergency power and funds for security projects being spearheaded by the San Francisco Police and Fire Departments; now, therefore, be it
- RESOLVED, That this Port Commission hereby authorizes the Executive Director to seek Board of Supervisors approval to accept and expend the grant award; and, be it further
- RESOLVED, That this Port Commission hereby authorizes the Executive Director or her designee to execute for and on behalf of the named applicant, a public entity established under the laws of the State of California, any documents necessary for the purpose of obtaining federal financial assistance provided by the federal Department of Homeland Security and sub-granted through the State of California, including any extensions, augmentations or amendments to those grant documents.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 11, 2009.

Secretary



MEMORANDUM

August 6, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Tina Olson *Tina Olson*
Deputy Director, Finance and Administration

SUBJECT: Request Approval of the Port's Revised Annual Operating and Capital Budgets for Fiscal Year 2009-10

DIRECTOR'S RECOMMENDATION: Approve the revised Annual Operating and Capital Budgets for Fiscal Year 2009-10

The purpose of this item is to request Port Commission approval of the Port's revised Fiscal Year 2009-10 operating and capital budgets. Both budgets have changed since the Port Commission's review and approval on February 24, 2009 as a result of Mayor Gavin Newsom's Office and Board of Supervisors' review as well as certain changes proposed by Port staff. Material changes are discussed separately below.

The proposed Fiscal Year 2009-10 overall budget approved by the Port Commission in February 2009 and subsequently amended and approved by the Mayor and Board of Supervisors Budget Committee is summarized as follows:

This Print Covers Calendar Item No. 9A

	Budget FY 2009/10 Port Commission <u>Approved</u>	Budget FY 2009/10 Mayor & BOS <u>Approved</u>	Increase / Decrease <u>Amount</u>	<u>Percent</u>
<u>Sources</u>				
Estimated Fund Balance	\$16,722,692	\$16,722,692	0	
Revenue	63,376,800	63,876,800	\$500,000	0.78%
Interest Earnings Restricted for Capital Projects	0	1,622,880	1,622,880	100%
GO Bonds	<u>13,557,362</u>	<u>13,557,362</u>	<u>0</u>	
Total Sources	<u>\$93,656,854</u>	<u>\$95,779,734</u>	<u>2,122,880</u>	<u>2.27%</u>

<u>Uses</u>				
Operating Expense	\$59,533,349	\$59,477,543	(\$35,806)	-0.06%
Annual Projects	4,156,683	4,213,126	\$56,443	1.36%
Capital Appropriations	21,035,062	23,157,942	2,122,880	10.09%
Operating Reserve	<u>8,931,760</u>	<u>8,931,123</u>	<u>(\$637)</u>	-0.007%
Total Uses	<u>\$93,656,854</u>	<u>\$95,779,734</u>	<u>2,122,880</u>	<u>2.27%</u>

Operating Reserve as a
Percent of Operating
Expenses

15%

15%

As described above, since February 2009, the Port's operating budget has decreased by \$35,806 or 0.06%, annual projects have increased by \$56,443 or 1.36%, the capital budget has increased by \$2.1 million or 10.09%, and the Port's operating reserve has decreased by \$10,637 or -0.007% but is still 15% of the Port's operating expenses as required by the Port's Operating Reserve Policy adopted by the Port Commission in February 2008.

Each of the substantive changes to the Port's FY 2009-10 budget since the Port Commission approved it in February 2009 is described in more detail below.

Revenue

The proposed revenue budget of \$63.9 million for FY 2009-10 is \$500,000 greater than that which the Port Commission approved in February 2009. The \$500,000 represents a projected increase in revenues associated with new management agreements anticipated for the various parking lots on the northern seawall lots, including the Triangle Parking Lot in Fisherman's Wharf. The \$500,000 is appropriated to the Taylor Street Improvement project for which the Department of Public Works (DPW) recently issued bid requests. After DPW completed the design, the engineer's estimate indicated a \$500,000 shortfall for the Port's portion of the project.

In addition, the revised revenue budget includes \$1,622,880 in interest earnings associated with the \$20 million the Port received from the sale of the Watermark Condominiums located at Bryant Street and The Embarcadero that is allocated to the Cruise Terminal project. The \$1,622,880 is also appropriated to the Cruise Terminal project to fund the planning and design phase.

Operating Budget

The proposed FY 2009-10 operating budget including annual projects of approximately \$63.7 million is a \$637 or 0.001% percent increase from the budget approved by the Port Commission in February 2009. The expense items that changed between February 2009 when the Commission approved the budget and that approved by the Mayor and the Board of Supervisors Budget Committee are as follows:

	Budget	Budget	Increase / (Decrease)	
	<u>2008/09</u>	<u>2009/10</u>	<u>Amount</u>	<u>Percent</u>
Salaries & Benefits	\$28,534,639	\$28,110,910	(\$423,729)	-1.48%
City-wide Overhead	538,550	261,219	(277,331)	-51.50%
Other Current Expenses	8,860,518	8,654,886	(205,632)	-2.32%
Materials & Supplies	1,482,246	1,449,659	(32,587)	-2.20%
Fixed Charges	632,187	632,187	0	0%
Capital Outlay (Equipment)	254,038	242,982	(11,056)	-4.35%
Annual Projects	4,156,683	4,213,126	56,443	1.36%
Debt Service	4,702,720	4,702,760	40	0%
ADM - Insurance & Risk	1,890,033	1,890,033	0	0%
City Attorney – Legal Services	2,554,650	2,554,650	0	0%
Fire Protection Services	2,736,582	2,775,131	38,549	1.41%
DHR – Workers Compensation	826,811	826,811	0	0%
PUC - Light, Heat & Power	1,656,275	1,656,275	0	0%
All Other City Departments	4,449,112	5,449,052	999,940	22.48%
Interdepartmental Recovery	(169,000)	(313,000)	(144,000)	85.20%
Revenue Transfer Out – DPT	<u>583,989</u>	<u>583,989</u>	<u>0</u>	<u>0%</u>
Total Expenses	<u>\$63,690,033</u>	<u>\$63,690,670</u>	<u>\$637</u>	<u>0.001%</u>

The major changes since February 2009 are in the line items for Salaries and Fringe Benefits, City-wide Overhead, Other Current Expenses, Materials and Supplies, Equipment, Annual Projects, Fire Protection Services, All Other City Departments, and Interdepartmental Recovery. Each of these is described in more detail below.

- **Salaries and Mandatory Fringe Benefits** decreased by \$423,729 or 1.48% which reflects the following five vacant position reductions that the Board of Supervisors made to the Port's budget:

Deleted Vacant Positions

- (1) Electrician
- (1) Plumber
- (1) Truck Driver
- (2) General Laborer

The Port added these positions in the FY 2008-09 budget but did not fill them due to concerns whether the Port's revenues would decline as a result of the economic downturn. The Board of Supervisors' policy during its review of the FY 2009-10 budget was to cut vacant positions. These positions were budgeted at less than .25 full time equivalent (FTE). As such the total cut associated with deleting these positions was \$52,533.

None of these position deletions resulted in a lay-off.

Other Adjustments to Salaries and Mandatory Fringe Benefits

Several of the City's employee unions agreed to salary or other compensation reductions that resulted in \$371,196 salary and fringe benefit savings to the Port.

- The Port's share of **City-wide Overhead or "COWCAP"** has decreased by \$277,331 or 51.5% since Port Commission approval in February 2009 based on the City's COWCAP calculation that was issued after the Port Commission approved the Port's budget.
- The Board of Supervisors cut a total of \$249,275 from **Other Current Expenses, Materials and Supplies and Capital Outlay (Equipment)** based on the Port's FY 2008-09 actual expenditures. We concurred with these reductions.
- **Payment to All Other Departments** has increased by \$999,940 or 22.48% primarily as the result of Mayor Gavin Newsom's Office's request that the Port purchase additional inter-departmental services. The Port agreed to purchase services from the following City departments:

Department of City Planning – increased funding by \$476,816 to cover \$342,211 in CEQA fees related to the Port's upcoming revenue bond funded projects and \$134,605 to fund the balance required for the Northeast Seawall Lot Planning study. We expect to reimburse the \$342,211 in CEQA fees with the proceeds from the Port revenue bond we plan on issuing this fall which will result in an operating reserve of \$9,263,334 or 15.6%.

Recreation and Park Department - increased funding by \$300,000 to fund Recreation and Park Department Planning Division staff assistance with the Port's Blue-Greenway project in the southern waterfront as well as permitting efforts related to the Port's General Obligation bond and revenue bond funded projects. We also expect Recreation and Park Department Arborist staff help with the Port's tree maintenance efforts.

Department of Technology – increased funding by \$90,000 to help fund the Port's Geographic Information System (GIS) mapping efforts.

General City Responsibility – increased funding by \$60,000 to provide the required match to the grant funds the City is receiving related to the 2010 Golden Guardian emergency response exercise that will take place on Port property.

MTA - increased by \$40,000 to fund increased maintenance, service, and collection costs associated with the new paystations we recently installed to replace the Port's single space parking meters.

The remaining \$33,124 is related to miscellaneous increases to a few work-orders that the Controller's Office made to balance the City's work-order accounts.

In addition, the **Fire Department's** Port funded budget increased by \$38,549 to cover wage and fringe benefit increases.

Interdepartmental Recovery

The Controller's Office increased the Port's interdepartmental recovery by \$144,000 which is the projected revenues the Port would receive from the City's recently enacted Cigarette Butt Fee. The Cigarette Butt Fee is a \$0.20 per pack of cigarettes fee that the City will charge to offset the cost to clean and dispose of cigarette butt litter. The Department of the Environment will collect the fee revenue and distribute it to the affected City Departments through interdepartmental recoveries. It should be noted that it is unclear whether the City will successfully collect this fee in FY 2009-10 due to potential litigation from the tobacco industry.

Annual Projects

Annual Projects increased by \$56,443 to \$4,213,126 as a result of the following adjustments to the Port's project appropriations:

<u>Project</u>	<u>Adjusted Amount</u>
<u>Stormwater Pollution Control</u> Reduction reflects prior year actual expenses	(\$75,000)
<u>Wharf J-10 Monitoring</u> Reduction reflects prior year actual expenses	(50,000)
<u>ICS Training</u> Reduction reflects the accurate cost of the training program.	(25,000)
<u>BART Retrofit Project</u> Reduction reflects the Port's reduced scope of work related to this project.	(20,000)

Hazardous Material Abatement

(73,557)

Reduced funding in the annual project and moved the budget to a Department of Public Works (DPW) work-order. The Port uses DPW's as-needed contractors to provide hazardous material abatement work.

Employment Training Program

300,000

The Board of Supervisors added back \$300,000 to the Port's budget to provide employment training programs. The \$300,000 is on reserve at the Board of Supervisors' Budget Committee. Port staff are developing a proposal for an employment training program that we will submit to the Port Commission and Board of Supervisors' Budget Committee in September 2009 for review and approval.

Total Annual Project Adjustments

\$56,443

Capital Budget Changes

As described under the Revenue section of this report, Mayor Gavin Newsom's Office increased the Taylor Street project appropriation by \$500,000 as a result of DPW's more recent and accurate cost estimates completed in June 2009 and for which bids are due on August 12, 2009. In addition, Mayor Gavin Newsom's Office appropriated \$1,622,880 in interest earnings associated with the \$20 million the Port received from the sale of the Watermark Condominiums to the Cruise Terminal project to help fund the planning and design phase.

Summary

The Port's current FY 2009-10 budget is different from that which the Port Commission approved in February 2009. Some of the amendments resulted from requests made by Mayor Gavin Newsom's Office to fund services of other City departments that we funded through (1) salary and fringe benefit savings from wage and other compensation concessions the Mayor's Office negotiated with the City's labor unions, (2) reduction in the Port's contribution to COWCAP, and (3) the allocation of the Port's portion of the City's new Cigarette Butt fee revenues. The remaining changes were the result of Board of Supervisors' cuts to miscellaneous budget categories and using the savings to create a \$300,000 employment training program at the Port. Fortunately, the Port needs the additional other City department services to advance its capital program and provide other important services. In addition, we believe we can develop an employment program that provides the Port with additional needed assistance while providing job opportunities during this difficult economic time. Finally, we preserved the Port's 15% operating reserve that we will increase to 15.6% when we reimburse the \$342,211 in CEQA fees funded through the Port's work-order to the Department of City Planning with Port revenue bond proceeds this fall.

Prepared by: Tina Olson, Deputy Director
Finance and Administration

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 09-45

- WHEREAS, Port Commission staff has developed the proposed Fiscal Year 2009-10 Operating and Capital Budgets; and
- WHEREAS, The proposed Operating Budget includes projected revenues of \$63,690,670; and
- WHEREAS, The proposed Operating Budget includes projected expenses of \$59,477,543 and annual projects of \$4,213,126; and
- WHEREAS, The proposed Capital Budget is \$23,157,942; and
- WHEREAS, The proposed Operating Reserve is \$8,931,123 or 15% of the Port's operating expenses; and
- WHEREAS, Mayor Gavin Newsom and the Board of Supervisors Budget Committee approved the Port's FY 2009-10 Operating and Capital Budgets; now therefore, be it
- RESOLVED, That the Port Commission hereby approves the revised Fiscal Year 2009-10 Operating and Capital Budgets as presented by staff.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 11, 2009.

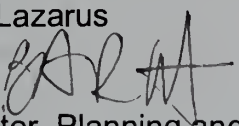
Secretary



MEMORANDUM

August 6, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Byron Rhett 
Deputy Director, Planning and Development

SUBJECT: Informational Presentation on the Exploratorium Project at Piers 15 and 17
on The Embarcadero at Green Street

DIRECTOR'S RECOMMENDATION: Informational Only – No Action Required

Introduction

As the Port Commission is aware, the Port and the Exploratorium have been working for the past five years toward the lease, development and rehabilitation of Piers 15 and 17 to accommodate the relocation of the Exploratorium museum. The site is located on the Embarcadero at Green Street (see Exhibit A attached hereto). The terms of the Lease and the Development Agreement have been negotiated, and the documents are now being finalized. It is expected that the transaction documents will be lodged with the Commission Secretary by mid-August.

At the September 8, 2009 Port Commission hearing Port Staff will seek (1) adoption by the Port Commission of the findings for the Exploratorium Project under the California Environmental Quality Act, (2) approval of the transaction documents and of the schematic drawings, and (3) approval of amendments to the Port's Waterfront Land Use Plan. A detailed Staff Report will be submitted at that time describing the salient deal terms. The informational hearing on August 11, 2009 is intended to give the Port Commission and the public an opportunity to see the latest schematic drawings of the Project and to describe the next steps.

Background

On June 21, 2005 the Exploratorium obtained a resolution from the Board of Supervisors exempting a potential lease of Pier 15 from the City's competitive bidding policy. Thereafter, the Port and the Exploratorium entered into an Exclusive Negotiation Agreement (ENA) and Term Sheet. The Board of Supervisors then determined that the

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Project was fiscally feasible and responsible and endorsed the terms of the Term Sheet. The parties amended the ENA and Term Sheet in 2008 to add Pier 17 to the lease for possible future expansion of the museum. The Board of Supervisors reaffirmed its previous findings, determined that the revised Project was fiscally responsible and feasible, endorsed the amended Term Sheet, and exempted the lease of both piers from the City's competitive bidding policy.

The Exploratorium proposes to rehabilitate, repair and seismically upgrade the Pier 15 bulkhead building, shed and connector building and relocate the museum into Pier 15 from its current location at the Palace of Fine Arts. Pier 15 will provide areas for displays and exhibits, a museum store, a cafe, exhibit fabrication areas, classrooms, a multi-purpose room and theatre, and ancillary offices. A new "Observatory Building" will replace the existing connector building at the east end of Pier 15 and will be connected to the Pier 15 shed by a one-story structure. The Observatory Building will house a café on the first floor, exhibit and event space on the second floor, and a rooftop terrace. The paved asphalt decking in the valley between the two piers (currently used as a parking lot) will be removed to expose the Bay, and a new deck will be built to provide public access to the Bay. This outdoor area will include both a ticketed area and free public access areas for the public to enjoy the Bay. There will be additional public access around the perimeter of the piers providing unsurpassed views of the Bay Bridge, Treasure Island and the East Bay hills.

The Exploratorium hopes to expand the museum into Pier 17 sometime in the future. If it does not do so by the 16th anniversary of the lease, Pier 17 will revert back to the Port. In the meantime, the Exploratorium will use portions of Pier 17 for museum-related uses and sublease the remainder of the pier to various subtenants.

The Exploratorium will relocate Baydelta Maritime, Inc. (a tug and tow operator at Pier 15) to Pier 17 and will pay for Baydelta's new office and warehouse improvements, the repair of the Pier 17 north apron, and for dredging the Pier 17-19 water basin to accommodate Baydelta's tugboats. The Project will provide other waterside uses, including a water taxi landing, berthing of Port vessels at the east apron, and possibly a dock along the south apron for vessels invited by the museum.

Visitors to the museum will be encouraged to take public transit, and most school children will arrive by school bus. Parking will be available for museum visitors at Seawall Lot 321, across the street from the site. A 16-year parking agreement between the Port and the Exploratorium will provide the museum with non-exclusive use of the parking spaces at this lot. The Exploratorium will construct two curb indents, one in front of Pier 17 for buses and one in front of Pier 15 for autos for passenger drop-off and pick-up.

Pier 15 and Pier 17 are located in the Port of San Francisco Embarcadero National Register Historic District and are contributing resources to the district. The improvements to be built by the Exploratorium must comply with the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings ("Secretary's Standards"). The State Office of Historic Preservation has determined that the proposed improvements do comply with the Secretary's Standards,

thereby making the Project eligible for historic preservation tax credits. The schematic drawings have been reviewed by the *Waterfront Design Advisory Committee* (WDAC), which is advisory to the Port Commission and the Planning Commission. The WDAC has recommended that the schematic drawings be approved by the Port Commission.

The Project's Environmental Impact Report was certified by the Planning Commission on July 9, 2009 and concluded that with mitigation measures the Project will have no significant, unavoidable impacts on the environment. The Port and the Exploratorium have had several discussions with the Bay Conservation and Development Commission ("BCDC") staff concerning the fill removal requirements specified in BCDC's *Special Area Plan*, which requires removal of the valley, the connector building and the non-historic shed additions. The Exploratorium has filed an application to amend the *Special Area Plan*. In addition to the *Special Area Plan* amendments, a major Permit from BCDC is required for the Project.

Benefits to the Port and to the City

The Port and the City will achieve many benefits by undertaking this Project:

- Pier 15 and the valley will be rehabilitated and seismically upgraded to the Secretary's Standards to ensure sensitive treatment and preservation of the building's historic elements and to ensure that future generations will be able to see and enjoy this historic resource;
- The Project will continue the Port's efforts, begun with Pier 1, the Ferry Building and Piers 1½-3-5, to preserve the Port's deteriorating facilities along the waterfront;
- The Port will not have to finance (other than through rent credits) the rehabilitation of these severely deteriorated facilities because the Exploratorium is providing the financing. As described in the Port's 10-Year Capital Plan, the Port does not have the funds to make needed repairs;
- The valley and connector building will be removed to provide public access and new views of the water, thereby fulfilling one of the Port's missions to increase public access to the waterfront and connection to the Bay;
- The Project will create a distinctive design and presence on the waterfront that will make the Exploratorium a landmark that will appeal to residents of San Francisco and the Bay Area, as well as visitors from around the globe;
- The museum location in the Northeast Waterfront will enable people to take advantage of the tourist activity that exists on the path from the Ferry Building to Fisherman's Wharf;
- The Port will retain and create new maritime uses at the piers, including ship berthing at the east apron, tug and tow operations at the north apron and water taxi service at the south apron;
- The Project will guarantee a rental stream to the Port on Pier 17, and the Port will receive market rent from the Exploratorium's customer parking at Seawall Lot 321;

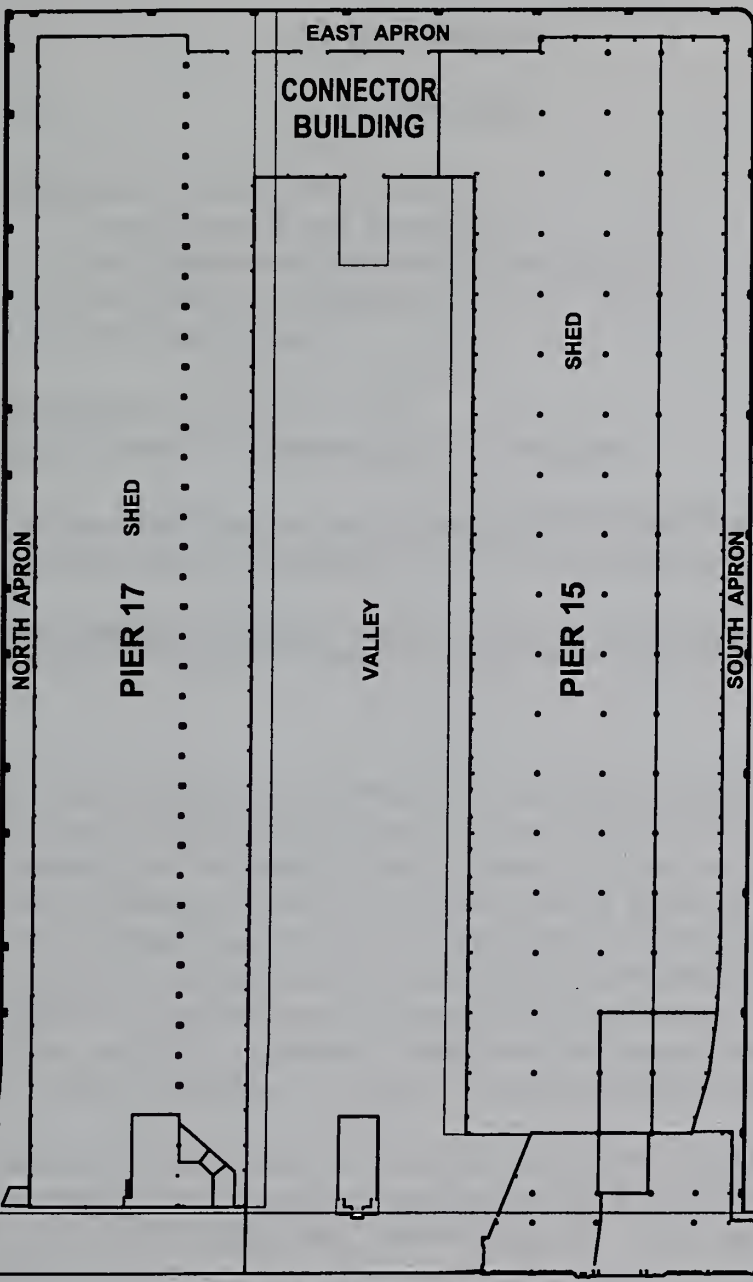
- Although percentage rent is not guaranteed, the Port will have the opportunity to participate tangibly in the Project's success, resulting in additional cash flow to the Port;
- Because of the excellent access to public transit to and from Piers 15 and 17, the museum will be able to reach the under-served and increase the diversity of the museum's visitor base;
- The Project will promote the City's "Transit-First" policy by relocating the museum to a site with better access to public transportation than its current location;
- The Project will contribute to San Francisco's economy through visitor support of local restaurants, hotel and retail establishments;
- The Project will create construction jobs and new permanent jobs;
- The Project will produce municipal revenues to the City through sales taxes from the cafés and museum store and from payroll taxes for temporary construction jobs and permanent jobs at the expanded museum;
- It is estimated that the Project will produce an annual economic benefit of \$10.1 million for San Francisco businesses from expenditures by museum visitors.

Next Steps

The Executive Director of the Exploratorium and Wilson, Meany Sullivan, the development manager for the Project, will present details of the Project at the August 11, 2009 Port Commission hearing. No action is required by the Port Commission at this time. At the September 8, 2009 Port Commission hearing Port Staff will seek (1) adoption by the Port Commission of the findings for the Exploratorium Project under the California Environmental Quality Act, (2) approval of the transaction documents and of the schematic drawings, and (3) approval of amendments to the Port's Waterfront Land Use Plan. A detailed Staff Report will be submitted at that time describing the salient deal terms.

Prepared by: Jennifer Sobol, Project Manager

For: Byron Rhett, Deputy Director
Planning & Development



THE EMBARCADERO

EXHIBIT A

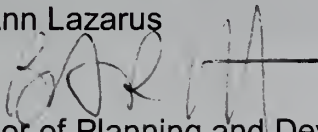
LEASE NO.	 SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	TENANT	SITE PLAN		DRAWN BY:	DATE: D9 DEC 2005
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MEMORANDUM

August 6, 2009

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Byron Rhett 
Deputy Director of Planning and Development

SUBJECT: Informational Presentation on the July 2009 Draft Preferred Master Plan for Pier 70 and July 29, 2009 Pier 70 Community Workshop.

DIRECTOR'S RECOMMENDATION: Informational Only - No Action Required

Overview

In 2007, the Port of San Francisco commenced a public planning process to develop a Draft Preferred Master Plan for Pier 70 (the "Plan" or "Draft Plan"). The Plan area covers 65 acres along San Francisco's Central Waterfront just south of Mission Bay, bounded generally by Mariposa Street to the north, Illinois Street to the west, 22nd Street to the south and San Francisco Bay, to the east. As described below, the purpose of the Plan is to chart a course to recognize and preserve Pier 70's extraordinary collection of historic resources and invite new economic development of this brownfields site, including a generous waterfront open space network, in a manner compatible with the Port's ongoing maritime ship repair operations at Pier 70.

As outlined in the July 14, 2009 Port Commission staff report, the Plan is the culmination of the most in depth analysis ever conducted for the Pier 70 area and included significant public outreach and partnerships with local, regional, state and federal agencies.

At the July 14, 2009 Port Commission meeting, staff presented an overview of the Plan goals, objectives, policies and infill design criteria. Since then, there have been refinements, and this staff report presents the current modified text of the goals, objectives and policies and summary of the infill design criteria, and an overview of the Plan organization.

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On July 29, 2009 the Port held a public workshop to present and receive comments on the Draft Plan. The meeting was well attended by over 100 interested stakeholders, in which comments on the plan were received; this staff report includes a summary of comments received to date. At the August 11, 2009 meeting, Port staff will review this information and invite further comments from the public and the Port Commission on the Draft Plan.

Plan Vision and Goals

Pier 70 Vision:

Create a vital and inviting district at Pier 70 that integrates historic rehabilitation, activates new waterfront open spaces, creates a new jobs center that generates revenues critical to realize public benefits, and supports a continuing ship repair industry.

Plan Goals:

1. Create a Pier 70 National Register Historic District and rehabilitate its extraordinary historic resources.
2. Preserve the long-term viability of the maritime ship repair industry.
3. Create major new shoreline open space that extends the San Francisco Bay Trail and Blue Greenway to and through Pier 70.
4. Extend the City street grid to enhance public access and integrate new development with the Central Waterfront.
5. Provide sites for office, research, emerging technologies, light industry, commercial and recreational uses to expand San Francisco's economic base, and generate revenues to fund public benefits.
6. Develop a thriving district that recalls Pier 70's historic activity, accommodates ship repair operations, and invites visitors to work, learn and play along the City's waterfront.
7. Promote development that is pedestrian-oriented and fosters use of alternative, sustainable transportation modes and practices.
8. Promote sustainable mixed-use infill development and economic vitality that places jobs near existing housing to reduce the carbon footprint of regional growth, and includes climate adaptation strategies appropriate to this waterfront location.
9. Remediate environmental contamination to enable use and public enjoyment of Pier 70 and its waterfront, and improve environmental quality.

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9. Remediate environmental contamination to enable use and public enjoyment of Pier 70 and its waterfront, and improve environmental quality.

10. Produce a development site plan that is walkable and inviting, and fosters use of alternative, green transportation modes and practices; and
11. Nurture a sustainable neighborhood consistent with San Francisco's environmental policies, with special attention to carbon footprint impacts of new development and climate adaptation strategies that consider this waterfront location.

The Plan Goals define many public needs. They reflect diverse perspectives expressed over the course of the Pier 70 public planning process. Any successful outcome will require a sensitive balance, and viable economic development opportunities that invite the private sector to work with the City to realize Pier 70's Vision. No one Goal can prevail over the rest; the Plan relies on an integrated approach where the public and policy-makers understands and accepts each element, to bring the Vision to reality.

The Plan calls for a program for the 65-acres site and as illustrated on Exhibit A, which includes:

- Continued operation of the ship repair yard on 15 acres;
- Establishment of a Pier 70 National Historic District and adaptive reuse of approximately 700,000 square feet of historic buildings;
- Approximately 3,000,000 square feet of new infill development compatible with the historic district;
- Approximately 11 acres of new waterfront open space and an additional 9 acres of internal open space;
- 6,000 – 8,000 new jobs; and
- Environmental remediation and infrastructure to support the Plan's mix of land uses.

The program for Pier 70 listed above represents a balance of meeting a variety of goals and expectations established for the site, because of this, it is important to recognize that for Pier 70 to become the place that is envisioned and anticipated, there is a requirement that a certain amount of infill development occur, which will to pay for the public benefits in the Plan.

In addition to establishing the Vision and Goals, the Plan describes the opportunities and requirements for development to revitalize Pier 70. With strong public agreement and support, this Plan will enable the Port and City to move forward with efforts to invest major public and private capital resources at Pier 70.

The Plan was crafted not only to meet the needs within Pier 70, but was developed in the broader context of fitting in with the rest of the City, optimizing investments in public

transportation, maximizing shoreline public access, and upholding public trust principles as part of new development and change.

Plan Organization

The Plan is organized into 10 chapters and an introduction, which are summarized below.

Introduction

This section provides a brief overview of the planning process, the approach to developing the plan and the plan goals and program summary.

Chapter 1: Site History

The most significant influence on the Plan and what makes Pier 70 unique is its 150 year maritime history and the impact it has had on the development of the nation, its significant contribution to the war efforts and the architectural and labor history that shaped Pier 70. This rich history, reflected in many of the architectural structures at Pier 70, is the basis for the Plan goal to permanently memorialize the site's importance in a Pier 70 National Register Historic District.

Chapter 2: Ship Repair

Ship repair establishes Pier 70's identity. This chapter explains how this maritime industry functions and its importance in the City's economy. As a key public trust use that is engrained as part of the Port's maritime mission, the long-term continuation of the ship repair industry is a requirement of the Plan. New land uses and development under the Plan must accommodate the requirements of this industry. The Plan recognizes that, just as it has in the past, ship repair operations will continually evolve and respond to economic and technological changes. This is accepted as part of historic preservation of Pier 70, because retaining this maritime industry is what maintains the authenticity of this site, and the Central Waterfront at large.

Chapter 3: Context for Change

This chapter provides an overview and context for recent land use policies and plans adjacent to or near Pier 70, including San Francisco's Eastern Neighborhoods Plan, the Mission Bay Redevelopment Plan, the City's Economic Development Strategy and the Eastern Neighborhoods transportation program (EN TRIPS) led by the Municipal Transportation Agency. The City's new policies and capital investments that have emerged in the last 10 years establish a sound setting for the revitalization of Pier 70. In addition, this chapter provides an overview of previous Pier 70 planning efforts and the market assessment and potential appropriate uses for Pier 70, which also highlights Pier 70's extraordinary opportunities.

Chapter 4: Bringing Together the Past, the Present and the Future

This chapter broadly describes how the plan integrates the various Plan elements with the site setting including the historical uses and Pier 70's relationship to the surrounding neighborhoods. In addition, it further articulates the Plan's goals.

Chapter 5: Historic Preservation

This chapter presents the historic preservation strategy component of the Plan. The historic preservation policies are:

1. Recognize continuation of viable ship repair and drydock operations as an act of preserving Pier 70's history, and give priority to shipyard changes that may be necessary to support the industry while maintaining the overall integrity of the historic district.
2. Protect the integrity of the Pier 70 Historic District by directing major new construction to open and vacant areas, or locations containing non-contributing resources.
3. Encourage the appropriate adaptive reuse of the historic resources that add new life and complement the architectural character and context of Pier 70 consistent with Secretary Standards.
4. Apply infill development design criteria to ensure new construction meets Plan objectives and complies with Secretary Standards.

Chapter 6: Land Use and Adaptive Reuse

This chapter presents the land uses recommended for Pier 70 and how they integrate with the ship repair operations and how the uses will activate the site including appropriate uses within the historic core and within the new infill development areas. The policies for Land Use and Adaptive Reuse are:

1. Recognize that the continuation of ship repair industry operations is consistent with the historic preservation objectives of this Plan and the Port's public trust mission. Ensure that new development and land uses are compatibly designed and managed to respect ship repair operational needs.
2. Invite a wide range of activities that promote public use and appreciation of the waterfront and adaptive reuse through rehabilitation of Pier 70's historic resources.
3. Promote a mix of uses oriented toward commercial, office, educational, retail, cultural and entertainment uses along 20th Street, to provide an active entrance to Pier 70.
4. Target publicly-oriented uses for the Union Iron Works Machine Shop as an anchor facility with uses that activate the 20th Street corridor to attract broad public appreciation of this very significant historic resource.
5. Allow office, biotech, research and development, light industrial and institutional uses in new construction and rehabilitated historic resources.

6. Consistent with the open space policies of this Plan, encourage the imaginative design of new development which contributes to the experience, activity and enjoyment of shoreline parks and public spaces.
7. Allow residential development opportunities on parcels along Illinois Street, if conflicts with ship repair operations and other adjacent uses are minimized.

Chapter 7: Form and Character of Infill Development

This chapter presents the criteria for new infill development that recognizes the industrial setting and site history of the site. The criteria provides a framework for new infill development as interpreted from the Secretary of Interior Rehabilitation Standards for historic districts, specifically for Pier 70. The criteria for new infill development are organized into two sections: 1) area wide elements and 2) zone based criteria based upon the location within the site. This chapter supports the historic preservation strategy outlined in Chapter 5 and demonstrates that the development program proposed is compatible and feasible. In addition, this chapter provides the preliminary strategy on sustainable development practices for Pier 70, for those practices that are not specifically identified in other chapters of the Plan. The policies for Form and Character of Infill Development are:

1. Respect the district as a historic landscape that reflects the industrial shipbuilding processes including the evolution of the Union Iron Works/Bethlehem Steel and the ongoing ship repair activity on the side.
2. Enhance the unique industrial heritage of the area.
3. Showcase the historic district's resources, landscape features and waterfront location.
4. Develop a pattern that reflects the unique building/open space relationships that were characteristic of the historic district.
5. Allow for architectural diversity that is compatible with the historic character of the district. Add new architecture that complements the surrounding resources and promotes life and vitality in the area.
6. Encourage the design of buildings and open spaces that not only respond to Pier 70's historic qualities but also strengthen connections to Dogpatch and Potrero Hill neighborhoods.
7. Encourage public access and views to the waterfront and connect shorelines parks and promenades with the proposed open spaces that are integrated with the development.

Chapter 8: Open Space and Public Access

This chapter presents the open space concept for Pier 70, which includes

approximately 11 acres of new shoreline opens space and up to 9 acres of internal plazas and public spaces. The policies for Open Space are:

1. Create public open spaces that establish a sense of identity and focus for new development at Pier 70 that is sensitive to ship repair operations and attract a diverse spectrum of users.
2. Develop a diverse network and program of parks, paths, roads and public spaces that connect upland areas to the waterfront; provide recreation amenities for the community; and celebrate and reveal the rich history of Pier 70.
3. Integrate the Bay Trail and Blue Greenway into the design of the Pier 70 open space network, which creates an inter-connected path that links public open spaces along the shoreline.
4. Use landscape paving and materials to improve streets, pedestrian ways, and other public spaces that interface with historic resources to respect the historic industrial character of Pier 70 and create shoreline access wherever possible.
5. Create and improve pedestrian ways, promenades and historic pathways to provide a variety of routes through Pier 70 as an integral element of the open space network connecting the Pier 70, Mission Bay, Dogpatch, and Potrero Hill neighborhoods to the bayfront.
6. Create a program of interpretative signage within the open spaces areas that provides information on the history and importance of the site, ship repair operations, and labor history.

Chapter 9: Transit, Circulation and Parking

This chapter presents the concept for transit, circulation and parking for Pier 70. The Plan calls for new uses to be dependent on public transit and limits the use of automobiles. In addition, it recommends that the site be serviced by a new ferry terminal that could also be utilized by Mission Bay. The transit, circulation and parking policies are:

1. Increase public transit service by providing ferry and shuttle connections between Pier 70 and other public transit hubs.
2. Extend 19th Street access to ensure continued reliable maritime industrial access to the shipyard.
3. Establish a street system within Pier 70 that connects with the street grid from Potrero Hill and the Dogpatch neighborhoods.
4. Create walkable and bikeable streets.
5. Introduce a network of pedestrian ways integrated with new development.

6. Locate and manage parking facilities to promote shared use operated on a market-rate pricing basis, consistent with smart growth objectives.

Chapter 10: Implementation Strategy

This chapter presents the regulatory partners and their role to implement the Plan, the financial feasibility analysis conducted to support the Plan, including the funding tools required and an overview of the developer solicitation process considered to move the Plan into implementation.

The financial feasibility analysis assumes the Port takes advantage of the financing tools afforded by recent legislative successes including the Proposition D, San Francisco Charter Amendment, infrastructure financing district, and the Proposition A, Clean and Safe Neighborhood Park General Obligation Bond funding.

Excluding the ship repair leasehold, the analysis considers the costs and revenues to a developer of Pier 70. The Port will continue to receive rent from Pier 70 at the level it does presently, about \$3 million annually. Even taking full advantage of the most accessible of the public financing tools above leaves a funding gap. Financial feasibility analysis currently projects that full build-out will generate a rate of return that falls short of that generally required to attract private development partners. This analysis projects that land lease revenues from new development, coupled with \$310 million in public financing and historic tax credits, leave a project feasibility gap estimated at \$50 million in today's dollars. The Port continues to explore means to improve the financial prospects for Pier 70 and expects that its private development partners will creatively address this gap.

Private sector partners will be critical to realizing the Plan. After the public and the Port Commission review this document, Port staff will present options for how to best choose partners for Pier 70. In particular, the Plan identifies the Union Iron Works Machine Shop for a publicly accessible use, such as a cultural activity venue, market hall, or institutional use. The Port, in consultation with City policymakers, will seek an appropriate partner to realize this vision.

Summary of July 29, 2009 Community Workshop

On July 29, 2009 the Port hosted the fourth of a series of community workshops on the Pier 70 planning, to review and receive comment on the Plan. The workshop was attended by over 100 stakeholders representing historic preservation, open space and environmental advocates, community members, Pier 70 tenants, consultants and development interests. Port staff and its consultants provided an overview of Plan, followed by an "open house" question and comment period and a group review of comments. The workshop closed with additional question and answers.

The open house portion of the agenda was organized around three subject groups: 1) historic preservation, infill design criteria, adaptive reuse of the Union Iron Works Machine Shop and ship repair; 2) open space and environmental remediation; and 3) land use, urban design, transportation and new development. In general, public

comments were very supportive of the plan and the process. The following is a brief summary of the comments and, where appropriate, Port staff responses.

1) Historic Preservation, Infill Design Criteria, Adaptive Reuse of the Union Iron Works Machine Shop and Ship Repair:

- Why were specific guidelines developed for new infill development, but not for the adaptive reuse of the existing structures?
- To what extent will the creation of an historic district allow existing historic structures to be altered to accommodate new uses and infill development within the district?
- Suggestions for the reuse of the Union Iron Works Machine Shop (Building 113/14) included: museum, interpretive center, cultural or arts center, European-style public market, an industrial art production or fabrication center, or a combination of several of these types of uses.

2) Open Space and Environmental Remediation

- The parks should include some habitat restoration and include habitat for nesting birds.
- Small boat access should be located outside buffer area required for ship repair.
- How does the Plan integrate with the City's "Better Streets Plan."
- Other recreation opportunities should be examined.
- The Plan should include green roofs.
- Slipway Park will need to be activated so that it is not isolated.
- Open space should be phased early in development.
- The cost estimate for environmental remediation appears too low.

3) Land Use, Urban Design, Transportation and New Development

- The Plan needs to better articulate the allowable or flexibility of the building heights; are the heights recommended in the plan the maximum heights?
- The Plan should encourage of range of heights to avoid the Mission Bay sameness.
- The Plan should balance the types of use and avoid having too much UCSF

- hospital types of uses creep into the area.
- Positive response to the Plan's focus on the use of bikes, transit and pedestrian-supported transportation modes.
- The Plan should recognize and allow for the continued use for artists, which have been a long term interim use within Pier 70.
- The Plan should specifically identify that space be devoted within the development to explain and interpret the history of Pier 70.

Next Steps

Throughout the summer, the Port will continue to conduct community outreach to present and receive comments on the Draft Plan, including questions and directions from the Port Commission, by August 28, 2009. The Port is working with the Planning Department to schedule additional informational briefings to the San Francisco Planning Commission and Historic Preservation Commission.

The public is invited to submit comments online at www.sfport.com/pier70 as well as at public meetings. Comments received will be compiled and where appropriate incorporated into the Plan. In September, Port staff will report to the Port Commission on comments received and further proposed refinements prior to completing the Pier 70 Preferred Master Plan. Compiled comments will be posted on the Port's Pier 70 web site.

In September, Port staff will present development solicitation options for the Port Commission's consideration. If supported by the Port Commission, the Plan (as may be revised further to respond to public comments) will provide the basis for a developer solicitation for Pier 70.

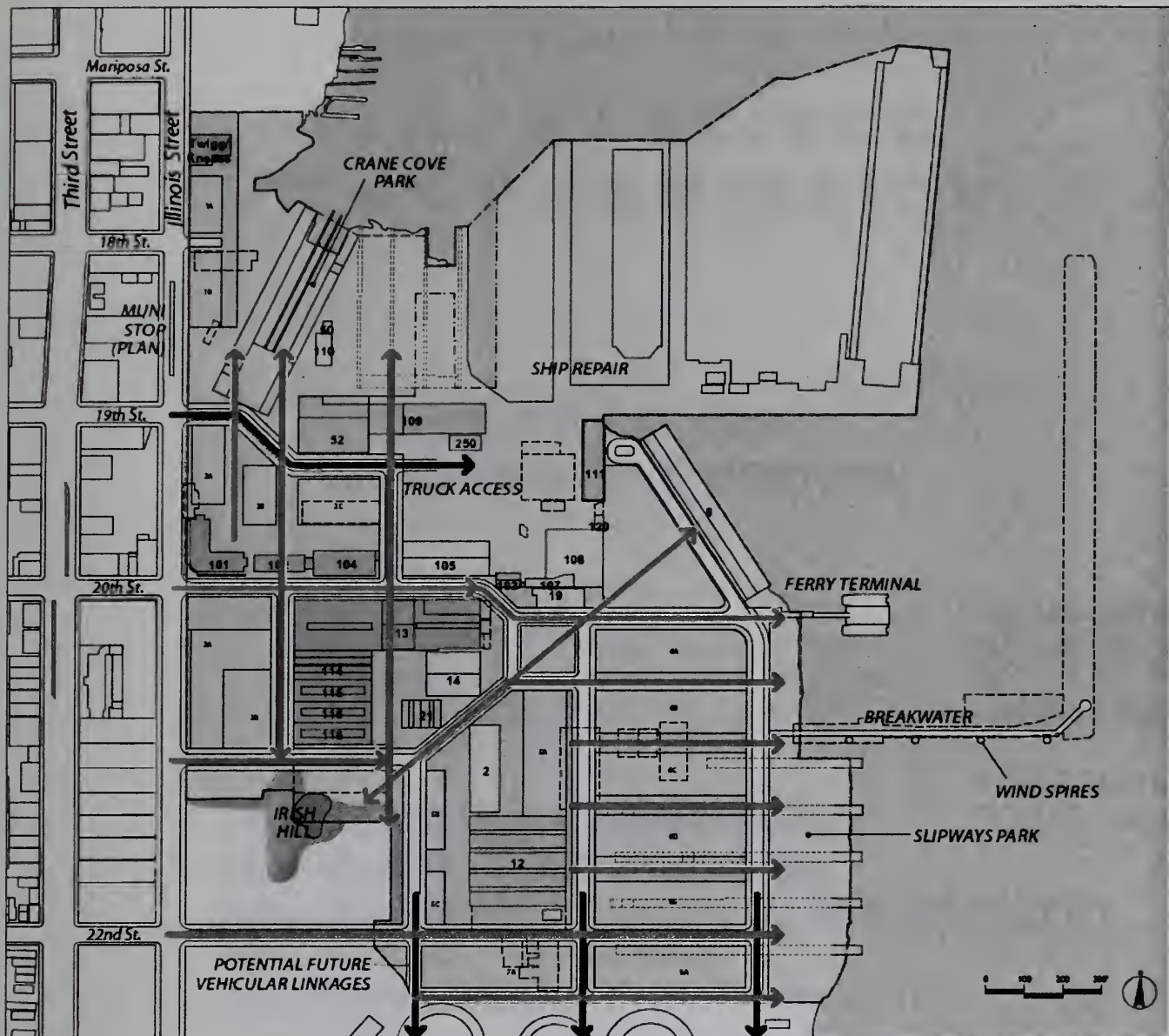
Important Dates

- Central Waterfront Advisory Group meeting **August 26, 2009** to comment on Draft Plan; Pier 1 - 5:30 p.m. - 7:30 p.m.
- **PUBLIC COMMENT DEADLINE: AUGUST 28, 2009.** Comments may be received in public hearings, writing on online at www.sfport.com/pier70 or to david.beaupre@sfport.com.
- **September 2009:** Port staff summary of input received, any revisions to Plan, and recommended next steps for Port Commission consideration.

Prepared by: David Beaupre,
Senior Waterfront Planner

For: Byron Rhett, Deputy Director
Planning and Development

Exhibit A - Pier 70 Plan Overview



- VERY SIGNIFICANT RESOURCE
- SIGNIFICANT RESOURCE
- CONTEXT RESOURCE
- OPEN SPACE
- SHIP REPAIR
- BUILDING REMOVED
- NEW BUILDING PADS

- VISUAL AND PEDESTRIAN LINKAGE
- VEHICULAR LINKAGE

**SAN FRANCISCO
PORT COMMISSION**

**AUGUST 11, 2009
MINUTES OF THE MEETING**

GOVERNMENT
DOCUMENTS DEPT

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HON. RODNEY FONG, PRESIDENT
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HON. MICHAEL HARDEMAN
HON. ANN LAZARUS

MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING AUGUST 11, 2009

1. CALL TO ORDER / ROLL CALL

Commission President Rodney Fong called the meeting to order at 2:04 p.m. The following Commissioners were present: Rodney Fong, Stephanie Shakofsky and Ann Lazarus. Commissioner Michael Hardeman arrived at 2:30 p.m.

2. APPROVAL OF MINUTES - July 14, 2009

ACTION: Commissioner Lazarus moved approval; Commissioner Shakofsky seconded the motion. All of the Commissioners were in favor; the minutes of the July 14, 2009 were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Lazarus moved approval; Commissioner Shakofsky seconded the motion. All of the Commissioners were in favor.

At 2:05 p.m., the Port Commission withdrew to executive session to discuss the following:

- (1) Discussion of Executive Director's Performance Evaluation for Fiscal Year 2008-09 pursuant to Section 67.10(b) of the Administrative Code and Section 54957(b) of the California Government Code.

- (2) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER (DISCUSSION & ACTION ITEM).

- a. Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d) (1 case).

- F. Alioto Company, Inc. v. City and County of San Francisco and ExxonMobil Oil Corporation, Superior Court for the State of California, County of San Francisco (Case No. CGC-89-489792)

- (3) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. **This session is closed to any non-City/Port representative.***

- a. Property: Pier 15/17 (Embarcadero at Green Street)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*The Exploratorium: Dennis Bartels

5. RECONVENE IN OPEN SESSION

At 3:30 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Shakofsky made a motion to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Shakofsky made a motion to not disclose any information discussed in executive session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

The Commission Secretary announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

- A. Executive Director's Report: Executive Director Monique Moyer reported the following:

- Extension of the response deadline for the RFP for a Concrete Batching or Asphalt Production Facility at Seawall Lot 352 – from September 17, 2009 to October 29, 2009 - On May 29, 2009, Port staff issued the SWL 352 RFP seeking proposals from qualified operators for a long-term lease for the development and operation of a concrete batching facility and/or asphalt plant with a bulk maritime terminal. The deadline for bid submittal was September 17, 2009. The property consists of approximately five acres at SWL 352 with non-exclusive berthing access to Pier 94. The site is located in the Southern Waterfront, in an area that has experienced considerable economic investment and development in the last decade.

With the revitalization of this area, Port staff believes that there is an opportunity to establish a concrete batching facility and/or asphalt plant at this location. If the Port Commission elects to pursue an asphalt plant at the site, the City's Department of Public Works, in consultation with the Purchaser, would negotiate a companion long-term contract to supply the City with asphalt pavement materials.

At the request of the Port and DPW, the Board of Supervisors will hold a hearing on the City's Municipal Asphalt Plant and the Port's RFP in September or early October. The Port amended the RFP to extend the deadline for bid submittal until October 29, 2009. With the Port Commission's permission, staff propose to have the item heard at the Board of Supervisors and postpone the due date from September 17, 2009 to October 29, 2009.

- Environmental Award to Princess Cruises - As the Commission may recall, the Port started this program in 2005 to recognize cruise ships that reduce air and/or water pollution when they call at the Port of San Francisco. It's a fairly small program. It's simply an award. There's no monetary compensation or prize money that comes with it. Interestingly enough, it's become very prestigious among the lines. When you go onto their web sites, you'll often see that they are self-promoting that they've won these awards from the port.

The reason this item is on the Executive Director's report is because Dawn Princess just recently won the award for the fifth consecutive year. That is the only ship, of all the ships that call here, who has been recognized for her environmental stewardship every single year. On July 28, 2009, Michael Nerney presented to Dawn Princess' captain the award for environmental stewardship. In 2005, we recognized four ships. In 2006, six ships. In 2007, seven ships. In 2008, 5 ships. We expect to do a higher volume in 2009. We're also taking a look at making the award even more meaningful.

- Congresswoman Loretta Sanchez's visit to the Port of San Francisco – On Friday, August 7, 2009, Congresswoman Loretta Sanchez came to visit the Bay Area to talk about security as it relates to ports. She primarily wanted to visit with the U.S. Coast Guard but chose also to visit with the Port of San Francisco. In addition to coming to the port's offices, she then crossed the bay to visit with the Coast Guard at Coast Guard Island. It probably would have been more convenient for her to have visited with the Port of Oakland but she chose the Port of San Francisco. Congresswoman Sanchez is interested in understanding port security, maritime safety and cruise terminal operations. She is the vice chair of the Committee on Homeland Security and also chairwoman of the Subcommittee on Border, Maritime and Global Counter Terrorism. From her understanding, it was an excellent meeting.

Byron Rhett represented the port along with a number of our security, maritime and PR staff. The Coast Guard was represented by its highest officer, the Rear Admiral Joseph Castillo, who is the District 11 commander and several of its staff. It was a very important meeting. In addition to meeting at Pier One, they toured the two cruise ship terminals, Piers 27 and 35, as well as the Coast Guard Island. It was very good for the port. We're very pleased that we were chosen.

- Speaker of the House Nancy Pelosi's visit to the Port of San Francisco – August 10, 2009 – On Monday, August 10, 2009, we were privileged to host Speaker Nancy Pelosi at the BAE shipyard at Pier 70. She was interested in finding out more about the shipyard, since we've asked for her assistance many times as well as the impact that it has on jobs. She met with senior officials of BAE systems as well as the port and toured the site, met with the Coast Guard staff who were there because one of their vessels is in dry dock as well as members of the various crafts that were there working yesterday. It was a great visit. She seemed genuinely pleased to have been able to experience the shipyard and understand a bit more. Of course, the first question from both Speaker Pelosi and her staff was, "How the heck do you lift a ship and what is a dry dock? It reminds us that it's a very esoteric term. We need to do a better job of explaining how that actually happens but it was incredible to see. That was an outstanding visit for us. We were able to talk to her a little bit about some of our issues as it relates to the Army Corps of Engineers and some other planned and hopeful requests for funds. So hopefully, good things will come of it as she works her magic.
- Passing of Fred Henning, General Manager of Bay & Delta – We will talk about this a little bit more but it deserves mentioning that on July 27, 2009, Fred Henning, who is the general manager of Bay and Delta passed away at the age of 41 leaving behind some very young children. He has been a fantastic person to work with at the port. Bay and Delta is a very important maritime tenant to the port. Our heart and sympathy goes out to his family and to the Bay Delta family. We've invited them to come and celebrate his life with the port sometime in the near future. We'll have a chance to talk more about his contributions. His memorial service was held yesterday at the California Maritime Academy. It was a very long, touching and moving ceremony. He's a very big loss to our maritime community.

8. CONSENT

- A. Request approval of Fifth Amendment to Lease No. L-12540 with SF Recycling and Disposal, Inc. at Pier 96 near Cargo Way. (Resolution No. 09-41)

- B. Request approval of Memorandum of Understanding between the San Francisco Public Utilities Commission and the Port regarding the North Shore Force Main Sewer Improvement Project (Embarcadero, Drumm and Spear Streets) including Seawall Lot 351 located at Washington and the Embarcadero. (Resolution No. 09-42)
- C. Request approval of Fiscal Year 2009-10 Executive Director Salary and Benefits. (Resolution No. 09-43)
- D. Request authorization to accept and expend \$5,771,340 in Proposition 1B Grant Funds from the California Office of Homeland and Security for security improvements at the Port. (Resolution No. 09-44)

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor. Resolution Nos. 09-41, 09-42, 09-43 and 09-44 were adopted.

9. FINANCE AND ADMINISTRATION

- A. Request approval of the Port's Revised Annual Operating and Capital Budgets for Fiscal Year 2009-10. (Resolution No. 09-45)

Andres Acevedo, Port Finance, indicated that Tina Olson is on vacation. As the Commission is aware, in February, the Commission passed the preliminary budget that went to the Mayor's office then to the Board of Supervisors and then for the Mayor's signature. During that process, there are often significant changes made to it. Staff is bringing it back to the Commission for the final approval of the final budget. It's the last step of the budget process. Including the capital and the operating budget, the budget increased by \$2.1 million over what was approved in February.

The operating budget decreased by about \$35,000. Annual projects increased by about \$56,000. The capital has the biggest increase, \$2.1 million. Revenues to cover these increases came from two sources: (1) additional revenues anticipated with the new management agreement for the parking lots in the northern waterfront which is approximately \$500,000. The \$500,000 is appropriated to the Taylor Street improvement project for which DPW recently issued bid requests. After DPW completed the design, the engineer's estimate indicated at \$50,000 shortfall for the Port's portion of the project; (2) \$1.6 million in interest earnings associated with the \$20 million the Port received from the sale of the Watermark Condominiums that is allocated to the cruise terminal project.

The operating budget increased by \$637 from the budget approved in February. There were some significant changes to the expense items: Salaries and benefits decreased by \$400,000 primarily from the givebacks that the unions negotiated with the Mayor's office. Citywide overhead decreased by \$277,000 based on the city's annual cost allocation plan.

In February, staff presented to the Commission the preliminary numbers. The Mayor's office and the Board of Supervisors reviewed the Port's budget. As part of the budget process, Harvey Rose always goes through our budget. There were some cuts made primarily to other current expenses and materials and supplies, approximately \$250,000. On the other side, we were offset by about \$1 million increases in service to other departments.

We were able to negotiate with the Mayor's office and get services that would help our mission. We have money going to city planning, approximately \$476,000, to cover \$342,000 in CEQA fees related to the port's upcoming revenue bond-funded projects, and \$134,000 to fund the balance for the Northeast Seawall lot planning study. We expect to reimburse the \$342,000 in CEQA fees with the proceeds from the Port revenue bond we plan on issuing this fall.

Rec & Park increased funding by \$300,000 for assistance in the Blue Greenway project as well as some support in permitting efforts for the projects funded by the general obligation and the revenue bonds.

Department of Technology increased funding by \$90,000 to fund the Port's GIS system and making sure the port's areas are mapped correctly.

General City Responsibility increased funding by \$60,000 to the Department of Emergency Management (DEM). The 2010 Golden Guardian emergency response exercise will take place on Port property. We're providing funds to DEM for their planning efforts.

MTA increased funding by \$40,000 to fund increased maintenance, service and collection costs associated with the newly installed pay stations.

The remaining \$33,000 is related to miscellaneous increases to a few work orders that the Controller's office made to balance the City's work order accounts.

The fire department's Port funded budget increased by \$38,000 for the fireboat and wage and fringe benefit increases.

The Controller's office increased the Port's interdepartmental recovery by \$144,000 which is the projected revenue from the new cigarette butt fee, a 20-cents-a-pack fee. It is unclear whether the City will successfully collect the fee due to potential litigation from the tobacco industry. We're not sure if that's going to come through but staff feel that we can cover it if it doesn't come through. We have the opportunity of charging back the CEQA fees to the bond funds. That would free up some additional operating funds to cover any shortage.

There were some decreases in the annual projects. Most of them were based on the current year spending and projected spending. The BART retrofit project was reduced to zero because BART is going to be handling that.

The hazardous materials abatement funding was reduced and the budget was moved to a DPW work order because the contracting process was so long and involved. It was originally budgeted as a project.

The Board of Supervisors added back \$300,000 to the Port's budget for employment training programs. Port staff are developing a proposal for an employment training program that will be submitted to the Port Commission and Board of Supervisors in September 2009 for review and approval.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor. Resolution No. 09-45 was adopted

10. PLANNING & DEVELOPMENT

A. Informational presentation on the Exploratorium Project at Piers 15 and 17 on The Embarcadero at Green Street.

Jennifer Sobol, Planning and Development, presented an informational presentation to the Commission about the Exploratorium project at Piers 15 and 17. No Port Commission action is required today. At the September 8th Port Commission meeting, Port staff plans to present to the Port Commission the transaction documents and request approval of the Exploratorium project at that time. The staff report will be issued and it will be quite detailed. It will explain all of the deal terms of the transaction documents. As the Commission is aware, staff has been working on this project for about five years, working towards a lease development and rehabilitation of Piers 15 and 17. Today, the Exploratorium will present the design plans and explain their proposal.

The Exploratorium is proposing to lease Piers 15 and 17 plus the connector building and the valley between the two piers, rehabilitate, seismically upgrade Pier 15, move the museum into that facility with lots of public access and use portions of Pier 17 for museum-related uses and sublease the rest of the facility to other users.

Bay Delta Maritime, which is the port's tug-and-tow operator at Pier 15, would be relocated to Pier 17. The Exploratorium will build new premises for them, so they will continue to operate. We will continue to have maritime uses at the facility.

The Port and the City will achieve many benefits by undertaking this project:

- Saving and restoring valuable historic waterfront resources by rehabilitating them to the Secretary's standards and improving them with new substructure repair work and utilities and improvements.
- The museum will activate the waterfront with an exciting new use and bring visitors, residents and locals to the waterfront, which is one of the Port's missions.
- The project will create lots of public access and new views.
- It will provide a guaranteed rental stream on Pier 17 to the Port.
- It will include lots of maritime uses including ship berthing, tug-and-tow operations and one-day water taxi service.
- The project will also contribute to San Francisco's economy by supporting local businesses in the area, restaurants, hotels and retail establishments. It will also create construction and permanent jobs.

Ms. Sobol looks forward to presenting all the transaction documents at the September 8th meeting for Commission's approval and introduced Dennis Bartels, Exploratorium's executive director.

Dennis Bartels offered his condolences to the family of Fred Henning for their tragic loss.

Mr. Bartels indicated that the design is a culmination of a long road for them with many public agencies and public outreach involved. He thanked Port staff: Jennifer Sobol, Byron Rhett and Monique Moyer who have worked with them the past months and years to help them arrive where we are today, which is a long distance from where we have all started.

This has really been a truly mutual effort, something that we're really very proud of. It would not have been possible without a lot of vision and a lot of imagination on the part of the Port and its leadership. They are very proud to have the Port as a partner on this truly remarkable endeavor.

Their team is led by Janice Thatcher of Wilson, Meany, Sullivan. She has been his voice in these discussions with the Port, and I am pleased with the outcome. He thanked her for her support in bringing us this incredible distance.

Janice Thatcher indicated that they're excited to show some updated design of the Exploratorium, which the Commission haven't seen since 2008.

She thanked Port staff: Jennifer, Byron, Grace Park, and Jonathan Stern. They've been working very hard and closely with them over the past months

to bring this transaction together. They've spent a lot of time together. They're very pleased with the progress today.

James Suh presented a basic overview of the full design of the project. It has changed a bit since the last time the Commission saw it, specifically on very key components of the project. He showed a model of the project. It shows Pier 15 on the right, Pier 17 on the left. The valley configuration is very similar to what the Commission saw in February, which has a more angular geometry. It allows more pedestrian access up front on Herb Cane Way and sort of funnels people through the valley of the project. All the way on the far side is the new connector building, which they call the observatory building. It has changed quite a bit since this design.

He showed the master plan for the Exploratorium for the full life of their 66-year lease. Pier 17 would be fully developed in this scheme. Pier 15 is down on the southern side here. There's a retail café in the front, off of Herb Cane Way which is open to the public. There's a small café next door, which again is open to the public. On the far eastern side on the right will be the larger public café, a museum café, also open to the public.

In the future, on the upper left-hand corner, there will be an additional café or retail zone, open to the public. In Piers 15 and 17, there will be a public access component inside the buildings very similar to Pier One, which will house a bayside history walk.

All the yellow that you see are the gallery spaces. All of that yellow will actually be double-height spaces. All the other blue and gray spaces are ancillary both for the shop making, laboratories and the classrooms. The next few images just black-and-white plans that you might see in the packet in a few weeks that explain the schematic drawings that are attached to the transaction documents.

This is generally the more basic drawings of the colored version. This is the second floor. There will be a mezzanine that will be called pods throughout the shed. It's primarily done that way in order to establish and maintain the double-height spaces and the historic resource.

On the roof, they plan to put photovoltaic panels all across Pier 15 in the first phase. This is part of the goal of the Exploratorium to have a true net-zero-energy museum. Hopefully, the first of its kind in the United States, maybe even the world.

In the front of Pier 15, they will be infilling the archway, very similar to Pier One again with storefront. That'll be part of the main entry for the Exploratorium, which filters into the public lobby and the bayside history walk. Along the typical shed areas, the rollup doors will again be rolled up, held in place as they are historic and filled with some additional storefronts, again, similar to the Pier One and Ferry Building.

All the colors you see here is the full public access components of the project in Phase one. The Bay Delta would be moved from the southern apron to the northern apron, rebuilt by the Exploratorium. This allows a whole circumnavigation of the full Pier 15 perimeter. In the dark orange are the public components of the interior of the project. Part of all of these orange areas is a great opportunity for the Exploratorium to pursue, which is something unique and new to them.

An article in the SF Chronicle a few months ago indicated that the Exploratorium has now revealed a new science exhibit in Fort Mason. They have about a dozen exhibits free to the public. It is an experiment for them in preparation for this particular site. Some of the investigations will be focused on the site itself, including the seawall and investigation of revealing the natural phenomenon that currently exists.

Another exhibit would be a tidal wall that will actually ebb and flow with the rising tides, maybe even create a fountain. As you enter the building, you see the Bayside history walk as you enter the archway which leads towards the main gallery.

The total volume of the space is celebrated in these images. As you get closer, you see there's a low-high glass wall that looks into the ticketed Exploratorium space. You get a sensory experience with the sound and the visual without actually paying for a ticket.

This is the actual ticketed space of the gallery. Then, a few images on the east side on the bay. You see the existing connector building, which currently creates a monolithic façade to the city. There is no public access here.

They are demolishing that existing, non-historic piece of the building and replacing it with a new observatory building, a two-story piece which is both respectful to the Pier 15 and Pier 17 facades by moving away from the facades with a one-story connection, also being architecturally distinctive and trying to respect the existing resource.

On the valley side, there's currently a parking lot and load restriction. This is what the new building will look like. Again, opening up a 60-foot-view corridor to the east side of the pier, which currently there isn't access to and also creating a smaller building that would house very specific exhibits for the Exploratorium.

Here, we look as if we were on the observatory building, a little bit off of it and looking back towards the city. This is a view from Calhoun Terrace looking down at the finished product.

Commissioner Fong indicated that it looks like an exciting project. He grew up going to the Exploratorium and he's excited to see it come down this way.

Zeke Kossover, the Jewish Community High School of the Bay in San Francisco, indicated that he and his students have had a lot of opportunity to interact with the Exploratorium. They're very excited about its new location. He has taken classes there to improve his teaching, and have become a master teacher in their program to help other teachers become better teachers. The new location would be much more convenient for people from all over San Francisco as well as all over the Bay Area. His students have also had lots of opportunities to go to the Exploratorium. Since many of them don't drive, the current location of the Exploratorium is very difficult for them. This location would be much superior for them, much better access for them to get there on their own. Especially since he likes to not only have field trips when the whole class goes, but the students can go there individually. That opportunity really just can't be fulfilled at the current location without great difficulty. The Exploratorium has many benefits to his students and has greatly improved the science education in his classroom. He thinks it would be very useful for the entire city to improve science education.

Morton Beebe, resident of the Embarcadero at Telegraph Landing, indicated that he frequently walks the area and realizes what the traffic is like now. He does not see it being necessarily being disturbed by the presence of kids and more bikes and more traffic heading to the Exploratorium in the near future. As part of the community there, they've talked about it and look forward to, in five years, when it will be open and prosperous. He also had an opportunity to go inside the pier and notice that there isn't any structure that is rising above the apparently 40-foot height limit. He thinks that the glass walls at the end of the pier will be very distinctive. As a professional photographer, he looks forward to photographing that subject in the near future.

Sue Lee, executive director of the Chinese Historical Society of America, indicated that the CHSA is located in the Julia Morgan building on Clay Street, which is a very steep hill and not very accessible. She's thrilled that the Exploratorium may be locating at Piers 15 and 17. She thinks it's high time that the waterfront is activated with something that is non-commercial, educational and truly accessible by public transportation. She grew up in this area and the waterfront was always a part of their weekends. Today, Chinatown is still a residential neighborhood. There are lots of kids, lots of families. There are Chinese American families who still come into Chinatown on the weekends. All the kids think that Chinatown is a place to buy souvenirs and go to Chinese school and eat. It would be wonderful to have a partner like the Exploratorium working with the schools and the other cultural institutions in the neighborhood and to collaborate. She's thrilled. The fact that it's on the F-line not only the kids can come on school trips but they can bring their families by public transportation.

Mike Theriault, SF Building & Trades Council, indicated that this is about as mom and apple pie as a project in San Francisco can possibly be. This is a public institution that does great work. Unfortunately for quite a while, in its present incarnation, it's been located in a part of the city that's not easy for

most of people to access by public transportation. His wife chairs the science department at Balboa High School. She's taken advantage of the classes offered to teachers at the Exploratorium. Her students, almost all of whom rely on public transportation and come from the southern end of the city, it's not as accessible for them. In its proposed location on Piers 15 and 17, it will be. It'll be a much better place for them, a place much more used by young people from the south end of San Francisco. Parenthetically, they'll take the work as well; they need it.

Ernestine Wise indicated that she's pleased with all the progress that this project has made. It's been so easy. She wishes that all the other piers would have moved along this way. It is terrific and serves the needs of the people. As everyone has said, getting to the Exploratorium at this location will be accessible by public transportation and the famous F-line, which she's been working with MTA to expand because it's so overcrowded and dangerous. She hopes that someday we'll have more cars on the F-line that will help accommodate everybody. She thanked everybody who took part and worked hard on this project especially Jennifer Sobol.

Commissioner Lazarus asked at what point the water taxi landing will get done.

Ms. Sobol replied that in the agreement, the Exploratorium has up to five years to complete the construction. We hope it'll happen earlier, but they need some time to secure the funds. They do have an obligation to build a water taxi. The Port will operate it.

B. Informational presentation on the July 2009 Draft Preferred Master Plan for Pier 70 and July 29, 2009 Pier 70 Community Workshop.

David Beaupre, Planning and Development, provided a follow-up to the July 14, 2009 presentation to the Commission where he presented the Pier 70 plan, goals and policies.

Kathleen Diohep, the development project manager for Pier 70 will be covering the implementation section. Mark Paez will be presenting the historic preservation and infill development design guidelines. For today, he'd like to focus on getting public and Commission's comments on the draft elements of the plan and not focus as much on the implementation section.

Port staff would like to make certain that we have a high level of comfort and competence from, not only the Commission, but the community that the plan is heading in the direction that we're comfortable with before we move into the development solicitation process. This afternoon's presentation will be focusing on new information that the Commission didn't receive in July and to provide a summary of the community workshop that was held on July 29, 2009. There were in excess of 100 people who attended the workshop, including Commissioner Shakofsky and Commissioner Brandon.

Staff appreciate everyone's participation at the workshop. This illustration exhibits the project area boundary, which is bounded by Mariposa Street on the north, 22nd Street on the south, Illinois Street on the west. Pier 70 is approximately a 65-acre site that was established in the mid-1800s for industrial operations and ship repair and is often recognized as the most significant industrial complex west of the Mississippi that continues to be utilized for ship repair.

The vision for Pier 70 is to create a vital, inviting district at Pier 70 that integrates historic rehabilitation, activates new waterfront open spaces, creates a new job center and generates revenues critical to realize the public benefits and supports a continuing ship repair industry. These are the same goals and the same vision that was presented to the Commission in July and what was presented at the workshop and was very well received. The goals are to create a National Register Historic District, to preserve the long-term viability of the ship repair industry.

As part of developing the plan, Port staff worked with BAE systems, who have since developed their own master plan for their leasehold area, which has been integrated into the plan, to create major new shoreline open spaces, to extend the city street grid, to provide new sites for office, research and emerging technologies that will support the ultimate development of the site, to develop a thriving district that recalls Pier 70's historic activity, to promote development that is pedestrian oriented and fosters utilization of alternative and sustainable modes of transportation, promote sustainable mixed-use development and remediate environmental and contamination where necessary to support the program of the plan.

This exhibit illustrates the existing buildings (highlighted in orange) that are currently at Pier 70. The green buildings are the buildings that once existed at the peak time of its development in 1945. This establishes a design framework for the master plan and illustrates the level of density and activity that once occurred on Pier 70.

This exhibit illustrates the historic buildings that are in the site with the various ratings, as previously discussed. We went to a higher level of grain abrading the resources to help establish a prioritization of the plan. The dark red buildings are the very significant buildings primarily focused on 20th Street. The medium red are the significant resources. The pink resources are the context resources. All of which, when combined, will provide for a National Historic District for Pier 70.

He showed some images of those historic buildings with the Union Ironworks Machine Shop, building 113 on the top left, the Bethlehem Steel Administration building on the bottom left, the Union Ironworks Administration on the top right and the recent Ironworks on the bottom right.

This graphic illustrates the general framework and parameters for Pier 70. It includes 15 acres for ship repair in purple. The historic resources identified for preservation that will eventually lead to a National Historic District. The green indicates the shoreline and internal open spaces, new parks and open spaces, which includes about 11 acres of waterfront open spaces and additional nine acres of internal open space.

The yellow indicates new building pads that could accommodate up to approximately three million square feet of new development. Finally, the new roadway and infrastructure system shown through the roadways. Included would be environmental remediation as required to support the plan.

He showed the illustration with a bit more vibrant colors but also indicates the orange area and the historic core that will be part of Pier 70 that will attract the general public down to the site and provide some kind of civic soul to the site. Kathleen Diohep will talk a little bit more about our strategy for the reuse of building 113, the Union Ironworks.

He showed an illustration of what 20th Street could eventually look like with the Union Ironworks building on the right. Again, this plan was illustrated before but it shows ideas for the adaptive reuse of the buildings, to activate 20th Street with commercial activity on the ground level and lower levels, looking at doing a publicly-oriented use in building 113, creating a courtyard behind 113 that would be a gathering space and then the adaptive reuse for office and other uses on the upper levels of the 114 through 115 buildings.

He showed a picture of the inside of building 113, the Union Ironworks Building and an illustration of how the courtyard behind 113 could be activated for a publicly oriented use.

The illustration shows kind of that framework plan with how we would integrate view connections through the site, pedestrian connections between the open spaces and to the waterfront, an extension of the street grid and how the plan recognizes future development to the south and the Mirant parcel and how Pier 70 would integrate with that.

The illustration begins to illustrate the type of density that's required to support the program for Pier 70, what some of the existing heights are on the site and what type of density would be required to meet the three million square feet of new development to support all the public benefits and to meet the program objectives of the site.

The illustration is just one way of meeting the master plan concept framework. There could be other concepts on how the heights of new buildings are programmed on the site or how the layout of new buildings would be programmed on the site. This reflects one alternative of how to complete new infill development that's compatible with the historic district of the site.

Mark Paez is going to talk a little bit about the infill design criteria and how new development needs to meet with those objectives and criteria. He showed some 3-D renderings of how that new infill development relates to the historic structures on the site and how it would be compatible with the National Historic District.

Mr. Beaupre covered some of the comments from the July 29, 2009 public workshop under the land use, urban design, transportation and new development. First of all, there is some suggestion that the plan isn't articulate enough about how we're going to deal with building heights. In the illustration, we had a series of buildings that were 90-feet high. It was just a suggestion at the level of density that we need. Within the plan, there needs to be flexibility and that we need that amount of density, but it could be reconfigured within the site in various means. We could eliminate a building and add heights to the other buildings. We could eliminate one building and make another building twice as high. We can work within the infill development criteria to develop something that's suitable for the site. There was a suggestion that the language in the plan needed to be strengthened to articulate that. We also heard that the plan should encourage a range of heights to avoid the Mission Bay sameness of just a single height across the board. The plan should balance the types of uses to avoid having too much UCSF Hospital types of uses creep into the site.

There was a very positive response to the plan's focus on the use of bikes, transit and pedestrian transportation modes and that the plan should recognize and allow for the continued use of artists at Pier 70, which have been a long term use within Pier 70. There is a group of artists within the Noonan building that want to be recognized within the plan itself as a possible future use within Pier 70.

Lastly, the plan should specify or identify a space that would provide for interpretation for Pier 70's rich maritime and industrial history.

Mark Paez, Planning and Development, talked about the infill development criteria that the team worked on. The purpose of the criteria is to inform the design of new development to make certain that it's compatible with the historic setting of the site, to make sure that it supports and builds upon the historic integrity of the historic district. This exercise that the team went through came up with seven design-related objectives and policies.

Essentially, what these policies call for is, one, to respect the district as a historic landscape that is the result of 150 years of maritime history, also to embrace the industrial heritage of the site, showcasing district resources, landscape features and its waterfront location, all of which are really important to its identity.

We wanted to recognize the patterns that are reflected in the site and the unique spatial relationships that are found within the historic district as well as

allowing for diversity of architectural styles in the new development that complements the area and that promotes its active use.

We want to encourage design and new development that responds to the historic qualities of the site while providing the strong connections to the surrounding neighborhood of Dogpatch in the central waterfront, as well as to provide access to the bay and connect the future public access areas and park spaces and integrates them well with the new development.

These objectives provide a policy framework to assist the Port to manage the character of the district as new development occurs. From those objectives and policies, we came up with two types of general, district-wide criteria and then zone-specific criteria that deal with specific areas of the property. Based on these objectives, we came up with performance-based criteria. They're not prescriptive because we wanted to provide for the level of flexibility that we believe that the plan needs and that will address changing needs that occur over time but, at the same time, are responsive to our historic preservation goals and the character integrity of the site.

The district-wide criteria called for a design that will reflect the contemporary purpose of the structure and, in so doing, provide an appropriate level of authenticity compatible with the historic district and avoid false historicism as well as new development that promotes the strong industrial character of the site, a level of quality that complements the surrounding historic resources and that will stand the test of time. Further, the criteria recognize that there's a need to respect the spatial relationships of the resources to one another other and to their historic setting.

In terms of the specific zones, we identified four of them. We came up with specific criteria to articulate what should happen in those areas in terms of new development and, of course, recognizing that these four areas are essentially the development portions of the property where the significant amount of new development can occur.

In zone one being the yellow, we recognize the need for new development to respect the views of the iconic building 113 Union Ironworks Machine Shop and to be worthy of the architectural quality of the neighboring building 101 at the corner of 20th and Illinois.

In zone two, in the pink, we recognize the need to provide light and air in an appropriate setback allowing for some views and connections to the bay and to Slip Number Four, which would be part of the future park providing an appropriate context for building 101, building 102 and building 104.

In zone three, which is the orange, we recognize that the building 12 complex, being the former historic plate shop, should be maintained as the centerpiece for new development and that there should be appropriate setbacks from

neighboring buildings. We also set heights there that would be in keeping with warehouse number 2, which is just to the north.

In zone number four, being the blue, we recognize the importance of maintaining the historic pattern and form of the former slipways that connect building 12 and help to understand its function and how it related and supported vessel fabrication and the connection to the bay. Those are essentially the characteristics that we were trying to focus on.

Through the application of these specific criteria, we believe that the plan can provide guidance to new development, to help make it responsive and complementary to the historic district and the preservation goals for the site.

What we were trying to do is to differentiate between the Secretary of the Interior Standards, which provide a detailed guidance on how to deal with historic materials and existing historic resources and how to deal with space essentially in a historic district where there are opportunities and challenges for new development.

There were three main comments on the preservation aspects at the public workshop. The first was why are there guidelines for infill development but not specific guidelines for the rehabilitation of the buildings? We do think that there is more guidance that's necessary in a historic district where the Secretary of the Interior Standards don't really provide that. Essentially, we're trying to integrate the development and the recognition in the National Register of Historic District. To balance is to be able to show that we can actually achieve what we set out to do in the plan and not in any way harm the character-defining features that make that district significant.

Secondly, the question was asked, to what extent can the resources be altered to accommodate new uses and infill development within the district? The National Register of Historic District provides a level of flexibility.

This question came up at a previous meeting where he stated that there is nothing about the designation of the historic district that forbids alteration or, to remove a resource or relocate it. There is flexibility in the designation process.

At the end of the day, what we're looking for is balancing. The plan essentially calls for the rehabilitation of all of the very significant and significant resources and then focuses the intervention in the site on the vacant areas and on those resources that are at the lowest level of significance. The other important aspect of the historic district is that it provides the access to the federal rehabilitation tax credits.

Lastly, there were suggestions for uses in the Union Ironworks Machine Shop, building 113, 114. There were suggestions that a museum, an interpretative center, a cultural center for the arts, a European-style public

market, industrial art production and fabrication or a combination of several of these types of uses.

David Beaupre indicated that one other element to the infill development guidelines was how the plan addresses sustainability. While the sustainability practices are articulated within the plan, some of them are inherent within the plan and aren't really called out.

There are some sustainable development practices that we think are applied to Pier 70. One, that it's an in-fill development parcel. It's within an urban area. That's a sustainable building practice. It's adaptive reuse of historic buildings, recycling old ones. That's a very sustainable practice. We're talking about environmental remediation of a brown field site that would allow new development that's sustainable. Reliance on public transit, alternative storm water management systems that'll be consistent with our storm water design guidelines. Looking at alternative energy sources, whether it's wind or solar, developing climate adaptation strategies, recognizing that it's on a waterfront parcel and that we need to recognize the potential for sea level rising.

With regards to open space and transportation and how it relates to the plan, Mr. Beaupre showed a map illustrating the two significant waterfront open spaces, one often referred to as Crane Cove Park, the other identified as Slipway Park. They are approximately 11 acres combined.

In addition, there are plazas, internal passageways that create an additional nine acres of park. We talked about integrating the Bay Trail and the Blue Greenway throughout the site and providing connections to the south. That's illustrated in this diagram.

The next few slides are illustrations that were done that show how some of the open spaces could be developed, such as Crane Cove Park. This is Crane Cove Park looking at the water. These are concepts that were done as part of the 2001 development proposal, but we just recycled them.

Again, another idea for Crane Cove Park. Some of the comments that came up in the workshop were regarding open space and environmental remediation. Those comments were that the park should include some habitat restoration, include a habitat for nesting birds within the park. We thought that there may be an opportunity for that within Crane Cove Park. For all of the open space programming, we'll be looking at that in more detail as we move forward with the Blue Greenway planning. It wouldn't be called out specifically in this plan. The small boat access should be located outside the buffer area required for ship repair, so that we don't impact their operation. They wanted to know how the Pier 70 plan integrates with the city's better streets. Other recreational opportunities should be examined and that Slipway Park needs to be activated, so that it doesn't appear to be isolated. Some suggested that the open space needed to be phased early in the development.

There was some concern about the cost estimates for the environmental remediation. With regard to the transit, the plan proposes that we provide for a new ferry terminal that could provide access to Mission Bay and be potentially connected to BART and Caltrain, which is located at 22nd Street and Interstate 280. There's the Third Street light rail. There's a future potential for a stop on Illinois Street for the Third Street light rail.

This exhibit illustrates the continuation of the city street grid and how we could distribute the structured parking on the site. The plan calls for one space per 1,000 square feet of new office and development, which is an appropriate amount for a sustainable project like this.

Kathleen Diohep, Planning and Development showed a list of the kinds of users that we think could use this space in the long run. Pier 70 is going to be developed over a period of time, over a couple of market cycles. We want to be ready to absorb a chunk of biotech or general office when those demands in the market come back. We've done the cost estimating and the financial projections sort of assuming things happen evenly over time. What will actually happen will be responding to market cycles. We did a long-run market study looking at the demand. Seeing San Francisco, we sense that Pier 70 may fall after Mission Bay finishes building up in the cycle depending on the value of various sites. Within the adaptive reuse, these are where the specialized users can come in, particularly for the machine shop. We want to have something that respects the grandeur scale of that building, something that is publicly oriented. We think that could be a music hall. It could be a market hall. It could be for a mason-esque thing.

Challenged with almost all of these, they struggle to generate enough revenue to cover their operating costs. Securing the capital budget to do a \$50 million rehab would be a challenge and would require Port staff to come up with some innovative solutions. We think that, in part of the overall financial structure, there would be a way to do that, a way to potentially bring in philanthropic assistance.

If it was 2010 rather than 2004 that the Exploratorium approached the Port, we might have been suggesting Pier 70. We've run the numbers. We've looked at the financial feasibility. The general answer is very similar in some sense to what we showed the Port Commission last summer that it's a tight project. This is not currently looking like it's going to be a home-run, neither immediately for the Port or for the developer but we want to balance all of these public goods with some well chosen development sites and opportunities.

We ran the model looking at a developer coming in, thinking they were going to do the economics flow for the 50-acre site. The shipyard stays as the port tenant and we will keep working with them and them doing their project.

In the financial projections, the developer funds the parks, the roads, the infrastructure and undertakes the development parlance. That's the horizontal development. We also have them undertaking the historic rehabilitation, so the vertical development on the historic buildings is included in these costs and the revenues.

They would then sublease the development sites, the yellow pads that David just showed you to users, to other developers, to people who would build those buildings and pay ground rent. The income coming in from the big pieces of new development into the model is the ground rent coming in. They pay rent to the port. The terms of Prop D, which was the charter amendment passed last fall, allow the port a set of special authorities and access to financing mechanisms. We have to demonstrate that the site needs those. It needs that extraordinary intervention. The rent to the port, if we're going to access those funds, can't be any higher than the rent we're getting now, which is about \$3 million a year excluding the BAE piece. In the model, there's the interim leasing revenue. Until we actually move everybody out, that \$3 million a year or some portion of it is still coming in.

Capital costs for historic buildings, \$350 million. The pier, the waterside, about \$60 million - these are all in current year dollars. The infrastructure of the site, \$70 million. The parking, after considering charge fee parking here. This would be after the revenues. We have building parking late in the program because, in the beginning, we'll have land to park on. Parks and open space, that's at \$30 million. Then, site remediation at \$20 million for a total of \$570 million of capital costs.

Remediation is in several places in these numbers, the parks and open space. Open space includes some of the remediation costs of doing that park land. The site remediation is the development pads and the buildings, the extraordinary costs of taking out portions of contamination, doing vapor barriers. Treadwell and Rollo has done a risk assessment study for the Port, looked at what they know on the site. This is before all the testing results come out and came up with a weighting and an estimate of about \$28 million of expected value of remediation. Between the \$20 we have for these sites and the portion that's in parks and rec, that's how that remediation costs.

In that as well is there's \$50 million in the historic buildings, which is related to asbestos and lead paint that essentially have to get done when you do the building. So it's better to carry the cost in that manner.

So where do we get the money from? We've been working on securing public financing. The Prop A bond, we were assuming \$10 million of park funds. This is the only public funds in the Pier 70 case that aren't essentially a result of the development. This is money that's coming from broad general fund financing. Prop D, the bonds, is capitalizing that 75 percent of the growth in payroll taxes from the site. That occurs because new users come in, because the private sector development happens.

Land secured bonds, this is a Mello Roos. We set up a system to tax those new users. They pay more in property taxes to help fund and spread the cost of the infrastructure over time but it allows us to access a public sector cost of debt.

IFD district is a way we tap in and access the property taxes. Historic tax credit ends up functioning as a cost reduction on a historic cost side to the project. So we have, from the public side, \$310 million.

Looking at what's the balance - we have \$570 million. In addition to the \$570 million capital, we're going to pay the port rent. There will have to be some monitoring of the mediation and we end up over 30 years, \$660 million of cost. The \$310 million that we have then, we get into the revenues from the private development, the lease revenues. The revenues from people paying for the real estate. The ground lease, we expect at \$210 million. The historic building space list is at \$260 million. The interim revenue until it fades out, until we turn over the whole site. We have a total of \$490 million in revenue from the real estate leasing. We end up with \$800 million in revenue and \$660 million in cost. You think we're doing okay. We've got a project.

The challenge of it, as we saw in that earlier graph, was the cost happens in the front. The revenues happen at the end. So we've got to look at how do you finance that? We've done what we can to bring in public monies and access to public debt. This is looking at that same cost stream summarized in net present value, which looks at the return, the private sector demand on return on capital. So at this level, we have \$270 million cost and \$220 million of revenues looking at a 15-percent discount rate.

We have a \$50 million project gap. We think that's manageable. We've run some sensitivities. We have some ways to address this. Let me walk through how we think we'd be filling the gap. First we could bring in additional public or philanthropic funds, which one of these is the measure we have at the state right now that would help us access a larger share of the property tax. We also could access lower cost debt sources. We've explored ideas if we can finance some of the infrastructure cost in partnership with the PUC or other mechanisms that might let us access lower debt. We can also sharpen the cost estimates in the phasing and timing of expenditures. We feel like, to a certain extent, we've taken this in our understanding of the cost as far as we and our diligent consulting team and all can go, as the public sector landlord.

We need to bring kind of that private sector market sense and acumen to knowing maybe some of these buildings that we think need \$20 million of cost. If somebody who sharpens it, changes their use, can do it for less and get a different rent, we want to bring that in. We also may be able to phase some of these costs, so that some of them can wait until later into the development. We can reduce the risks. So we might not need as high of a return to the private sector money partly by getting through the process.

An anchor user can really create a momentum. Like UCSF, in some sense, anchored and brought into Mission Bay. There are ways in which Lucas has done that to the Presidio. Those could change our timing and our absorption. The trick for that is to have those entitlements and those approvals and to be ready, so we can respond when there's a need. Then, approving land values. Land is the thing that cycles the most with the economic cycle, so that, when we're ready and we if we can have space when the market's ready.

Other aspects of the implementation strategy: we have to work with a whole number of partners. Pier 70 is it's not a project the port can do alone. It's not a project a port can say, "Hey, developer. You come on. We'll help you. You can do it alone." We've got to work with a whole range of public partners and leadership and really moving this forward. We've had a lot of success in doing that to date within the Prop D and the infrastructure financing legislation and others. We need to realign the trust with the State Lands Commission and the state legislature. We've done work with them. We think we've got an agreement that there's enough areas that, within Pier 70, we can realign the lines and have the flexibility to do these high revenue uses, such as office or biotech or others.

The Regional Water Board has the oversight on the environmental. The Park Service and the Office of Historic Preservation will be our partners on the historic district listing and the historic tax credit certification. BCDC, working with them on the shoreline ban.

The Board of Supervisors, the Planning, the Historic Preservation commissions of the city will all be involved with the Prop D plans and lease approvals. The infrastructure financing district approval will have to go through the board. The rezoning of CEQA will involve the Planning Commission, the Board and the Historic Preservation.

Those are the regulatory or administrative hoops and circles and things that we'll need to go through. Back on another level with the Mayor, the Board of Supervisors and the Port Commission, we're going to be looking for policy priorities, attracting our partners and funds and really sustaining this civic consensus that we hope we're bringing together with this plan so that we can all get to the finish line and revitalize Pier 70.

Development partners, what we really need is a truly public-private partnership. Rather than going out and asking somebody to propose what's your vision for Pier 70, we're looking for feedback now from the Port Commission, from the community. We're taking it around to other parts of the city to present our concept, our vision for Pier 70. What do people think about this? That's the substance and the conversation we're looking for this summer. What we then want to do is invite for development partners to come join us in realizing that vision and working together.

We think that the best way to get there is going to be a collaborative partnership. We're going to need specialized expertise going forward. We also really want to build on the balancing and the work and the consensus that we think we've achieved with the plan.

We think that the Union Ironworks building as one building is going to be a key use. We may want to outreach somewhat separately or be available ready for users that would be part of that but we know that that project can't happen alone. It has to happen in the context of the whole area being upgraded in the infrastructure. So the plan is to come back to you in the fall with recommendations on how we go out for partners but to engage the community, the development community, yourselves and others with the conversation of, do we have this vision right, so we can ask somebody to come and help us implement it, which is a somewhat different structure than going back and asking the development committee what do you want to do with Pier 70. We're asking them to join us in this vision.

David indicated that there was a huge Port team working on this project besides himself, Kathleen and Mark. He thanked Monique Moyer, Byron Rhett, Diane Oshima, Jonathan Stern, Carol Bach, Brad Benson, Gerry Roybal and Joanne Sakai as well as multiple other folks within the Port who helped out and other agencies throughout the city.

Next steps - We're aiming to have a Central Waterfront Advisory Group (CWAG) meeting on August 26, 2009 so they can weigh in, specifically on the comments. The public comment deadline is set at the end of August but it might be extended dependent upon CWAG's ability to provide some comments. We want to give plenty of time for the public to comment so that we can have consensus on this plan early in the fall.

On September 2, 2009, we're planning on a SPUR brown bag. Tomorrow night, August 12, he is going to the San Francisco Tomorrow Board to present the plan. We're working with the Planning Department to arrange presentations to the Planning commission and Historic Preservation commission. We're aiming to finalize the plan in the fall and come back to the Port Commission and present the solicitation options moving forward. There are plenty of ways to comment for the general public. The website is interactive. They can comment directly online. They can comment to David Beaupre via email. He's also received letters. There is more information about the entire Pier 70 planning process and all of the background information on the Pier 70 website.

Corinne Woods, member of the Port's Central Waterfront Advisory Group, among other things and have been working on the Pier 70 project for probably 10 years, indicated that this public process is excellent. The workshop was very well attended. There was a lot of response. The staff was very available to listen to comments. She thinks that the draft master plan is extremely well organized in terms of the ability to read it, understand it and

respond to it. She will be sending in her comments, which is currently about three pages long. In the meantime, having worked on Mission Bay for the last 10 years, the idea of a design for development that gives flexible land uses but essentially outlines what the minimums and maximums are could give the Port an opportunity to, over time, evolve the plan, depending on what happens at Mirant. It's going to happen in phases. Nobody is going to do 65 acres at one time. Watching Mission Bay as it evolved, everything takes forever. Infrastructure takes forever. You can't have transit till you have roads. You can't have roads until you have sewers. A phasing plan is critically important. One of the things that the Port should do early is become part of the EN trips, Eastern Neighborhoods Transportation Planning Implementation, which is through MTA's jurisdiction. There is also a public community outreach process. One of the things that we're going to need early on to make Pier 70 work is transit. There's a potential new transit line between Caltrain, 22nd Street station and Pier 70 in the transportation TEP but it needs advocacy. Getting the E-line is going to take advocacy. She'd like the Port to engage with them in the EN trips process.

Commissioner Fong thanked the presenters and commented that he looks forward to more.

11. NEW BUSINESS / AGENDA SETTING

Monique Moyer indicated that with respect to the agenda setting, the Port Commission adopted an ADA transition plan more than five years ago. Staff will provide an update on the plan at the September 22 meeting. As the Commission heard several times today, the main items for the next meeting relate to the Exploratorium approvals. By the September 22nd meeting, we'll have other business to bring to the Commission. It's pretty straightforward at the moment. David Beaupre will talk more about the Pier 70 master plan. It has to go through the CEQA process before the Commission can adopt the plan. In the interim, we would like to solicit more comments and get directions from the Commission on the next steps.

12. PUBLIC COMMENT

Ernestine Weiss announced that the construction on the ferry park will begin at the end of August or early September. Everything will be fenced off. There will be no more permits issued during that time. Every time she leaves this meeting and every time she walks by the Yin and Yang statue, kids climb all over it. The wood chips are scattered all over the sidewalks and the surrounding area. It's terrible for the Port to allow for such a thing to happen. That statue should be removed and placed somewhere else. We should not have permanent art anywhere in the city. She asked that the statue be taken out of there because she's sick and tired of telling people not to let their children climb on it and desecrate it. She will be talking to the Arts Commission about this. She recommends that the Port should start the business improvement district. She started the business improvement

district at Union Square. It needs to happen on the waterfront because the Port needs the funds.

13. COMMUNICATIONS

14. ADJOURNMENT

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commission President Rodney Fong adjourned the meeting at 4:55 p.m.

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